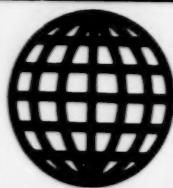


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11 SEPTEMBER 1987



**FOREIGN
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JPRS Report

East Asia

Southeast Asia

11 SEPTEMBER 1987

EAST ASIA

SOUTHEAST ASIA

CONTENTS

AUSTRALIA

- Daily Analyzes Intent Behind USSR 'Double Zero' Offer
(Editorial; THE SYDNEY MORNING HERALD, 24 Jul 87) 1

LAOS

- Radio Views Implementation of 'Reagan Doctrine'
(Vientiane Domestic Service, 15 Aug 87) 3
- Article Traces Decline of Indochina-ASEAN Ties
(Leut Saisana; PASASON, 26 May 87) 5
- Lao Envoy Speaks at Seminar on Relations
(MATICHON, 17 Aug 87) 8
- Thais Said To Detain Border Villagers, Steal Property
(PASASON, 9 Jun 87) 9
- Army Paper on Maintaining Revolutionary Vigilance
(Vientiane Domestic Service, 7 Aug 87) 11
- Ka, Han Conversation on Enemy Tactics
(Vientiane Domestic Service, 13 Aug 87) 13
- Army Logistics Department on Market, Command, Control Problems
(P. Sati; KONGTHAP PASASON LAO, 11 Jun 87) 16

Louang Namtha Military Weaknesses Cited (P. Sati; KONGTHAP PASASON LAO, 11 Jun 87)	17
Military Missions Against Lao Exiles Detailed (Vientiane Domestic Service, 12 Aug 87)	19
Sayaboury Security Nabs Thai-Sponsored Spies (So Vongphouthon; KONGTHAP PASASON LAO, 11 Jun 87)	21
Cabinet Decree on State Import-Export Monopoly (Kaysone Phomvihan; Vientiane Domestic Service, 10 Aug 87)	24
PASASON Editorial on Circulation of Goods, Money (Vientiane Domestic Service, 7 Aug 87)	27
Conference on Family Economy Objectives Held (KHAOSAN PATHET LAO, 2 Jun 87)	29
Instruction on Educational Strategy Issued (Khamtai Siphandon; Vientiane Domestic Service, 8 Aug 87)	30
Saman Vi-gnaket Interview on Education Strategy (KPL, 15 Aug 87)	33
Sayaboury People's Court Lenient to Thai Poachers (Vientiane Domestic Service, 14 Aug 87)	35
Local Official on Thai Log Poaching in Boten (Duangchit Phetlangsi; Vientiane Domestic Service, 15 Aug 87)	37
Court's Leniency to Thai Log Poachers Hailed (Vientiane Domestic Service, 16 Aug 87)	39
Briefs	
Thai Citizen Repatriated	41

MALAYSIA

UMNO Supreme Council Appointments Announced (BUSINESS TIMES, 18 Jul 87)	42
Deputy Prime Minister Explains Formula of Wealth Distribution (THE STAR, 15 Jul 87)	43
Unemployment Seen as Problem That Will Persist (THE STAR, 20 Jul 87)	44

NEW ZEALAND

Government Grants Licenses to Seven Foreign Banks (Dai Hayward; THE AUSTRALIAN, 23 Jul 87)	46
---	----

Export Earnings Surplus Reported (THE NEW ZEALAND HERALD, 23 Jul 87)	48
CER Imports Keep Food Prices Down, Unemployment Up (THE NEW ZEALAND HERALD, 9 Jul 87)	50
Wheat Subsidy Reported, Opposition Reacts (THE NEW ZEALAND HERALD, 25 Jul 87)	52
Cuba-Maori Crayfish Connection Suggested (THE NEW ZEALAND HERALD, 10 Jul 87)	53
Editorial Views Post Office Limits on Competition (THE NEW ZEALAND HERALD, 10 Jul 87)	54

PHILIPPINES

Editorial Criticizes 'Muddled Foreign Policy' (THE MANILA CHRONICLE, 14 Aug 87)	55
Confusion Between Palace, Military Over Amnesty (Various sources, 19 Aug 87)	57
Palace Conflicting Statements	57
Proclamation No 138 Cited	57
Further Details	58
Legislators To Sit in National Security Council (Romina de los Reyes; THE MANILA CHRONICLE, 15 Aug 87)	60
Man in Street 'Disappointed' Over Enrile Ruling (Editorial; PHILIPPINE DAILY INQUIRER, 14 Aug 87)	62
Columnist Hits Ongpin, Fernandez, Comelec (Belinda Olivares-Cunanan; PHILIPPINE DAILY INQUIRER, 13 Aug 87)	64
MILF Leader Discusses Possible NPA Alliance (Soliman de Jesus; THE MANILA TIMES, 18 Aug 87)	66
Subic Visit by USS Missouri Denounced (Ellen Tordesillas; MALAYA, 19 Aug 87)	67
Columnist Says Government Does Not Claim Base Rent (Federico D. Pascual; PHILIPPINE DAILY INQUIRER, 10 Aug 87)	68
Shahani Cites Bases Options; 'Strong Bias' Against (THE MANILA TIMES, 12 Aug 87)	70
WE FORUM Columnist Favorable Toward Bases Retention (Vic Barranco; WE FORUM, 12-18 Aug 87)	71

PNA on NPA Attempts To Play Down Surrenders (SUN STAR DAILY, 2 Aug 87)	74
NPA Structure, Activities in Nueva Vizcaya Profiled (WE FORUM, 12-18 Aug 87)	75
New NPA Force Utilizes Naval Units (Art Sampana; PHILIPPINE DAILY INQUIRER, 18 Aug 87)	77
Changes in Store for Metro Manila Body (MANILA BULLETIN, 10 Aug 87)	79
Shahani Assails Malaysia on Smuggling (PHILIPPINE DAILY INQUIRER, 8 Aug 87)	80
Armed Men Blow Up Electric Pylons 13 Aug (AFP, 18 Aug 87)	81
AFP Headquarters Clarifies ICHDF Not Yet Abolished (SUN STAR DAILY, 1 Aug 87)	82
Labor Sectors Agree to Interfederation Peace Formula (PHILIPPINE DAILY INQUIRER, 13 Aug 87)	84
GNP Grows 5.5 Percent in First Half Year (Oscar Quiambao; PHILIPPINE DAILY INQUIRER, 13 Aug 87)	85
Trade Deficit Continues To Soar (PHILIPPINE DAILY INQUIRER, 13 Aug 87)	86
Raul Concepcion Warns Inflation May Hit 10 Percent (PHILIPPINE DAILY INQUIRER, 9 Aug 87)	87
Editorial Cites Aquino on Debt, Economic Growth (MANILA BULLETIN, 18 Aug 87)	88
Virata Warns Congress Against Total Debt Repudiation (Ed Perpena; PHILIPPINE DAILY INQUIRER, 18 Aug 87)	89
Editorial Reacts to Debt 'Deception' Reports (PHILIPPINE DAILY INQUIRER, 10 Aug 87)	91
Editorial Urges 'Clean Break' in Debt Situation (THE MANILA TIMES, 10 Aug 87)	93
Energy Consumption Shows Economic Growth (PHILIPPINE DAILY INQUIRER, 18 Aug 87)	95
Editorial Questions Oil Price Increase (MALAYA, 17 Aug 87)	97
Legislators Demand Rollback of Oil Prices (Louie Logarta; PHILIPPINE DAILY INQUIRER, 18 Aug 87)	99

Leftwing Group Urges Oil Industry Takeover (AFP, 19 Aug 87)	101
Farmer Groups Support 'Nationalist' Bloc House Bill (Fidel Asor; THE MANILA TIMES, 10 Aug 87)	102
Fishpond Operators Protest NPA Tax in Bulacan (Faye Narciso; THE MANILA TIMES 10 Aug 87)	103
Columnist on Communist Teachers, 'Genuine Patriots' (Placido P. Diaz; WE FORUM, 12-18 Aug 87)	104
Cardinal Vidal Urges Tighter Government Reins on Vigilantes (SUN STAR DAILY, 2 Aug 87)	107
Negros Oriental Civic Works Project Reported (Beth A. Pango; PHILIPPINE DAILY INQUIRER, 10 Aug 87)	108
Laurel Woos Refugees in Sabah (THE MANILA TIMES, 12 Aug 87)	110

VIETNAM

ECONOMIC

Hanoi's Household, Garden Economy Expanded (Minh Dat; HANOI MOI, 30 Apr 87)	111
--	-----

SOCIAL

Corruption Uncovered in Ministry Office (Tran Van; GIAO THONG VAN TAI, 16 Apr 87)	114
--	-----

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DAILY ANALYZES INTENT BEHIND USSR 'DOUBLE ZERO' OFFER

Sydney THE SYDNEY MORNING HERALD in English 24 Jul 87 p 10

[Editorial: "Missile Offer for Political Gains"]

[Text]

MR GORBACHEV'S willingness finally to accept a US offer to ban all medium-range nuclear missiles means that the superpowers could be on the verge of concluding a historic nuclear disarmament agreement. By agreeing in principle to the "double zero option", Mr Gorbachev has thrown new life into the floundering Geneva negotiations and renewed hope for a summit meeting with Mr Reagan this year. Why the Soviet leader has changed his mind, however, is not immediately apparent. The military costs of this agreement will not arouse overwhelming enthusiasm among the armed forces of the USSR. Clearly, though, Mr Gorbachev has persuaded his colleagues that a "zero-zero" INF agreement will bring them broad political gains which will offset potential military risks.

Under the "double zero option" the superpowers would eliminate all medium-range missiles, not just from Europe, but also from Asia. Combined with a renewed Soviet offer that each also eliminate short-range missiles, Mr Gorbachev is sug-

gesting that the Soviets will dismantle twice as many missiles as the US, and nearly five times as many warheads. Moreover, he is prepared to take this step without insisting on changes in the nuclear arsenals of Britain or France, or existing US forces in South Korea, the Philippines or Diego Garcia.

This would seem to be an irresistible offer for the US and that impression may survive more detailed examination. But Moscow has become adept at exploiting such proposals for its own advantage and this is likely to be no exception. An earlier offer on a "zero option" for Europe, while retaining 100 medium-range missiles in Asia, managed to drive a wedge between the US and its European allies. Although the proposal was originally made by

Mr Reagan in 1981, few observers believed Moscow would be interested. When Moscow announced its interest, NATO members were alarmed that their defence doctrine of "flexible response" would be weakened. So long as the US seemed attracted to the idea — as a

feasible foreign policy achievement for itself – suspicion was also aroused about the credibility of the US commitment to the defence of Western Europe.

Mr Gorbachev may be simply trying to keep that wedge in place, and he clearly wants to retain the initiative in global arms control politics. For some years now, that has won the Soviets a new level of international respect, especially with the peace movements of Western Europe. He may also be trying to keep alive the recent momentum toward an INF agreement. Moscow may also fear that the White House will remain paralysed by the Iran-Contra scandal, that it will take time to build up trust with the next Administration, and that the costly nuclear arms race will continue unabated.

Mr Gorbachev's decision to announce his concession in an Indonesian newspaper suggests that his political strategy is twofold; he is not merely appealing to the beleaguered Mr Reagan to strike a new global balance between the superpowers. By using the occasion of the anniversary of his major Asia-Pacific policy speech given at Vladivostok last July, he is clearly using this new concession on missiles based in Asia to reinforce his other recent diplomatic initiatives in this region. Whatever the merits of his offer, once it is discussed in detail at Geneva, Mr Gorbachev is clearly making a bold new political gesture toward China and Japan, in particular, and more broadly to anti-nuclear elements across the whole Asia-Pacific region.

/9317

CSO: 5200/4317

RADIO VIEWS IMPLEMENTATION OF 'REAGAN DOCTRINE'

BK190600 Vientiane Domestic Service in Lao 0530 GMT 15 Aug 87

["Talk:" "Anti-Soviet, Anti-Communist Reagan Doctrine"]

[Text] Forty years ago, the Truman Doctrine was put forward. Its objective was to oppose the Soviet Union, communism, and socialist countries in a brutal and absurd manner. The Truman Doctrine was promoted by the United States using an extravagant amount of money and a large number of weapons and military equipment with a view to checking the so-called communist threat to the free world.

In this regard, an American writer gave his views on the Truman and Reagan doctrines in an article published in the CHRISTIAN SCIENCE MONITOR, saying that the Reagan Doctrine is the successor to the Truman Doctrine. While the Truman Doctrine was aimed at intercepting the danger of communist threats, the Reagan Doctrine is intended to isolate and restrict communist activities in the world. The Truman Doctrine was based on the vast amount of money and large number of weapons and military equipment used in support of the governments of various allied countries, while the Reagan Doctrine makes use of intervention and subversion against those governments which refuse to follow Washington. The interventionist line of thinking of the Reagan Doctrine has been scrupulously built and promoted through secrecy and organizational operations under the direct supervision of the CIA and the National Security Council of the United States. It is, therefore, many times more sophisticated than the Truman Doctrine.

As part of this scheme, the plan on the so-called free line of thinking has been broadened throughout the world and has been publicly organized into an organization supporting liberty. Actually, it is an organization which implements the doctrine in accordance with Reagan's ideas. Bathroom No. 302 in the White House is used as the headquarters while the room No. 208 is the place where principal plans are adopted to assist the so-called freedom fighters. It is also this headquarters which mapped out plans on financial assistance and assistance in the form of weapons and other military equipment for the Contra counterrevolutionaries in Nicaragua. It is also this headquarters which has directed the reactionaries in Afghanistan, Angola, and Cambodia and directed the attack on Libya in 1986.

It is the organization supporting the free line of thinking which has provided a large sum of money in support of counterrevolutionary movements throughout the world. This money has been given by capitalists and anti-revolution governments, and garnered from arms sales and drug trafficking carried out by White House officials in collaboration of the CIA. Details of various secret activities and documents containing reports about various expenses have been recorded in the President's instruction No. (NFFBB) 77.

The Truman Doctrine was drafted by old-fashioned political economists and the doctrine was put into practice in the Indochina war--a war directed by those with talented brains. Nevertheless, it was defeated in the end. The Truman Doctrine was followed by the Reagan Doctrine--a doctrine which was drafted by a new generation of political economists, the economists of the cowboy age, armed with computer systems, with a view to serving the dreams of those persons in the White House. It is no doubt that the Reagan doctrine will meet the same fate as the Truman Doctrine in the end. This is the conclusion of the CHRISTIAN SCIENCE MONITOR. No matter what the name--Truman Doctrine or Reagan Doctrine--there is no change in the true nature of imperialism. The hope of Washington to make use of the two doctrines with a view to ruling the world is likely to be just a dream.

/12913

CSO: 4200/818a

ARTICLE TRACES DECLINE OF INDOCHINA-ASEAN TIES

Vientiane PASASON in Lao 26 May 87 pp 3, 4

[Article by Leut Saisana: "We Should Exist Together in Peace"]

[Excerpts] The situation in the world, and in this area, in particular, changed a great deal in the period from 1975 to 1978, and this affected the peaceful coexistence of the two groups of nations, ASEAN and Indochina. The ASEAN nations arranged a meeting of their foreign ministers in Singapore on 5 July 1977 to consider the problem of relations with the nations of Indochina and to encourage the establishment of diplomatic relations. It was at that time that the nations of Indochina established relations with all the nations of ASEAN. Then a serious situation developed in Cambodia and on the border between Vietnam and Cambodia; the Pol Pot group adopted reactionary policies and annihilated the nation. Despite this it was the policy of the ASEAN nations to maintain normal relations with Laos and Vietnam. At the end of 1978, Comrade Pham Van Dong, chairman of the Council of Ministers of the SRV, visited five of the countries of ASEAN and issued joint statements concerning many matters with the leaders of these countries. In particular, in 1979 a group representing the Kingdom of Thailand led by Mr Kriangsak Chamanan visited Vientiane. What was important about the visit was that a joint statement was issued by the governments of the LPDR and the Kingdom of Thailand making the Mekong River a friendship border.

Unfortunately, since 1979 the mutual inclination toward peace of the nations of ASEAN and Indochina has been obstructed.

ASEAN and Indochina have had confrontations. The forces of international reaction united their efforts in Southeast Asia to resist the revolutionary movement of Indochina. The ASEAN nations thought of their group as a stable, new means to protect their security. But the situation was different from that of the period of the war in Indochina. The confrontation of the ASEAN group with the nations of Indochina this time was not military; on the contrary, it was political and economic, and in addition, it was not a long-term confrontation.

The world situation is constantly changing. The changes from 1979 up to the present have been favorable for the revolutionary forces and for peace in Southeast Asia. The changes have primarily involved the increased strength of

the revolutions of the three nations of Indochina, the expansion of the solidarity among the people of these three nations, and the relations of these three countries with the Soviet Union and the other fraternal socialist countries which have expanded more than at any other time.

Even though during the past 8 years the murderous Pol Pot group and other reactionary Cambodian groups have received support from their bosses and assistance from the American imperialists and other countries, nevertheless they have not been able to reverse the situation in Cambodia. The victories of the Cambodian People's Army in the dry season offensive of 1984-1985 wiped out the various camps of Cambodian reactionaries along the Cambodian-Thai border completely. According to statements issued by the highest congresses of the three countries of Indochina in 1983, the withdrawal of Vietnamese volunteer soldiers from Cambodia will be completed in 1990.

In the meantime, Malaysia and Indonesia, which play a role in ASEAN, have maintained a peaceful policy toward the countries of Indochina. The political parties in these two countries recognize correctly that those threatening the stability of Southeast Asia are not from Vietnam or Indochina. The political party in Indonesia is of the view that it must help the countries of Indochina in order to build a bulwark against the hegemony which will spread into Southeast Asia and not that it should confront Indochina.

The proposal that talks should be held to find a solution for the problem of Cambodia, in particular, and for the problem of stability and security in Southeast Asia generally, has been supported by various international organizations, such as the eighth Congress of Nonaligned Nations, which was held in Harare, the capital of Zimbabwe. The meeting between specialists of Vietnam and Malaysia and the visits of groups of military and foreign affairs representatives between Indonesia and Vietnam had the goal of encouraging a peaceful solution to the problems between the two groups of nations. Within Thailand itself, many political parties do not agree with the policy of confrontation with Indochina because it is not in the interest of Thailand. The history of Thailand as a tool of the United States during the Indochina war is probably still imprinted in Thai thinking.

After the coup in Thailand in September 1985, the various political parties struggled to seize power and there was a falling out; for example, the surrounding of the homes of politicians by the military brought on an attempt to establish a revolutionary congress; as a result there are many political parties that are affiliated with countries in ASEAN and believe that the government should return to the policy of peaceful coexistence and cooperation benefitting both sides which was followed in the period from 1973 to 1978 with regard to the countries of Indochina. The countries of Indochina and the LPDR have supported every proposal to make Southeast Asia, along with every other area in the world, into an area of peace.

We support completely the statement of Comrade Mikhail Gorbachev made in Vladivostok at the end of July 1986, "There is nothing that can block the creation of acceptable relations between the countries of ASEAN and Indochina; if there is the desire and the need and there is no outside interference, they will be able to solve their problems and in addition they will gain the benefit of stability for Asia."

The LPDR has always demonstrated its willingness to live together in peace and cooperation beneficial to both sides. The political report of the Fourth Party Congress of the LPRP submitted by General Secretary Kaison Phomvihan was clear regarding relations with neighboring countries and the goal of peaceful coexistence: "...We will do everything we can in cooperation with the SRV and the People's Republic of Cambodia to hasten a meeting between the countries of Indochina and ASEAN; we are ready to cooperate with the countries of ASEAN and other countries in this area with the goal of making Southeast Asia an area of peace, stability, independence and cooperation as a part of our peaceful obligations in the Asia-Pacific region and the world..."

It is the universal inclination of this era to achieve lasting peace between differing political and social systems and eliminate the danger of war. We hope the countries of ASEAN will understand the importance of peace and work with the countries of Indochina to restore good relations with the goal of cooperating under the heavens to make Southeast Asia an area of peace, stability and cooperation forever.

8149/9738
CSO: 4206/121

LAO ENVOY SPEAKS AT SEMINAR ON RELATIONS

BK181424 Bangkok MATICHON in Thai 17 Aug 87 p 2

[Excerpts] A seminar on the plan to stimulate development in the southern part of the northeast entered its second day at the Bua Luang Room of the Pathunrat Hotel in Ubon Ratchathani Province on 16 August, during which a symposium entitled "The Chong Mek Pass, Thai-Lao Trade Opportunities" was held. Surachai Sirikrai, assistant professor of Thammasat University's political science faculty acted as the symposium's moderator, and participants included Khamphan Simmalavong, Lao Ambassador to Thailand; Khachatphai Burutphat, deputy secretary general of the National Security Council; Oranut Osathanon, director general of the commerce Ministry's Foreign Department; and Chiao Chan Chintanakun, executive member of the technical office of the Chamber of Commerce of Ubon Ratchathani.

Lao Ambassador Khamphan said that the improvement of the brotherly relations between Thailand and Laos will result in better cooperation in bilateral trade and other fields. However, if Thailand corrects its inconsistent policy of opening and closing border trade points and its policy classifying strategic goods, it will be a favorable condition promoting the atmosphere of mutual trust between the two sides.

Khamphan said that Laos, after the 4th LPRP Congress, has adopted a policy to trade with all countries, especially Thailand. However, the Lao Government does not want trade carried out through middlemen because direct trade will be more beneficial to both the buyers and sellers, with better assurance for the quality of goods, prices, payment methods, and good transportation. The Lao Government will have to reselect private companies for trade.

Khamphan said that the situation in Cambodian and Vietnam had no impact on Thai-Lao trade. The presence of Vietnamese troops in Laos is for defensive purposes and is temporary under a bilateral agreement which poses no threat to Thailand. The problem of the Chong Mek Pass rests with the Thai side because since 1975, the Lao Government has never announced the closing of the border or the classifying of strategic goods.

Khachatphai, however, disputed that the presence of 170,000 Vietnamese troops in Cambodia is regarded as a serious threat to Thailand because Thailand has lost about 115 soldiers since 1985 as a result of incursions along the border with Cambodia. There are 60,000 Vietnamese troops in Laos. How can Thailand be sure that its security will not be affected since some problems cannot be avoided when there are foreign troops in a neighboring country?

THAIS SAID TO DETAIN BORDER VILLAGERS, STEAL PROPERTY

Vientiane PASASON in Lao 9 Jun 87 p 2

[Article by Ph.S.: "Why Is It That Some of the Villagers of the Three Lao Villages Are Not Able To Return to Their Old Villages?"]

[Excerpt] It has been said that 6 June 1984 was a day when the Lao people in three villages near the Thai border had to fight back tears and flee the place of their birth under the bayonets of the rightwing reactionary Thai. In the future when we think back on the history of these three villages, this day will be considered the day of rage of the Lao people of all three villages. According to what the Lao people who had this misfortune said, on this day Thai soldiers forced the people of Ban Mai Village, Ban Kang Village and Ban Savang Village to flee their houses and villages in a manner not unlike that of the genocidal Pol Pot, who drove the Cambodian people from their capital, Phnom Penh, 10 years ago. The Thai soldiers drove the Lao people of the three villages to Thai territory as if they were herding cattle and buffalo. And they loaded on trucks everything that the people could not bring with them, such as rice mills. When they arrived at the internment center at Houei Yang in Thailand, the property of all of the families, both poor and rich, could not be moved, so the cattle, buffalo, elephants and horses had difficulty grazing; the group running the center would not let the herd of animals that were the property and livelihood of the Lao people of the three villages out of the area of the center. This is one reason that the Lao people from the three villages at the Houei Yang camp could not return: en route there the Thai soldiers forced them to carry their children on their backs and to use dogs as pack animals; they led away the elephants and horses, they took away the wagons, and finally they abandoned them altogether and held the property of the Lao people. How could these Lao people carry their possessions back to their old villages on their backs? For example, Mrs Vandt, 50, slipped back to her old house in Ban Savang Village, but her husband, Siang Soulivong, is still confined at the Houei Yang camp because his three elephants and six head of cattle remain there. In general, the families that have escaped from the Houei Yang camp and returned to their old villages are penniless; the former family property did not return with them because those running the camp detained everything of value.

Another problem of the Lao people at the Houei Yang center that prevents them from returning is that the rightwing reactionaries in Thailand have a scheme to seduce the Lao at the camp with money and train them to be their agents and spies and to cause disturbances in Laos. This is happening not only at the Houei Yang center; they are being sent for training to other centers for expatriate Lao in Thailand also.

In addition to holding the property of the families, which is clearly looting, and treating the Lao of the three villages as enemies of their nation, the group running the center at Houei Yang and other groups with ill will in this area are using threats against the Lao people in the three villages. They spread the false rumor that Thailand will cause another disturbance in order to frighten the Lao people in the three villages and those in their center into believing that if they go back to stay in their old villages, it will not be peaceful. But if they stay at the center, it will not be like their old village, life will get harder every day and they will undoubtedly become the victims of the bad people in Thailand. This is one of the difficulties faced by the Lao people of the three villages now. It is also an obstacle to improving the fraternal relations between our two countries.

8149/9738

CSO: 4206/121

ARMY PAPER ON MAINTAINING REVOLUTIONARY VIGILANCE

BK100927 Vientiane Domestic Service in Lao 1100 GMT 7 Aug 87

LAO PEOPLE'S ARMY paper editorial: "Always Heighten the Sense of Revolutionary Vigilance and Maintain Combat Readiness"]

[Text] Since the liberation more than 10 years ago, our country has taken a leading role in the socialist camp in Southeast Asia because our country has a common border with a capitalist country from the north to the south. This was why our struggle with the enemies to defend the country and to build socialism in the past was very fierce, furious, and complicated. In the immediate future, the struggle between the two systems--socialism and capitalism--will become even more complicated and vital.

At present, our enemies are various international reactionaries with the U.S. imperialists as the chieftains. These enemies have always acted against our new system. In the past as well as today, they have colluded in striving to subvert and sabotage our revolution by sending spies to infiltrate our country to collect information on the situation in various fields and to create disturbances of many types. They have mobilized military forces to rally along the Lao-Thai and Lao-Chinese borders from where they have carried out provocations and encroached upon our nation's sovereignty. In addition, they have fostered, educated, and trained Lao in exile and young Lao refugees in various camps and then sent them, together with Thai nationals, to infiltrate Laos to create disturbances through psychological warfare which they have actively carried out. At present, they are trying to attack us in our economic and daily life as well as in the cultural and ideological fields. They have stepped up radio propaganda to effect a change in our country through a peaceful means. All these are their vicious and dangerous schemes against our Lao revolution. By carrying out these schemes, they have never given us an opportunity to build our country freely.

In pursuing the national defense and public security policy in the new stage, our party still considers the defense of the country the top priority task, closely related to the economic construction task. The continuous heightening of revolutionary vigilance and the maintenance of combat readiness shows a patriotic sense and a spirit of cherishing the fatherland as well as a determination to safeguard the revolutionary gains. The heightening of the sense of vigilance and the maintenance of combat readiness are considered a basic task of our various armed forces. It is also considered a common

obligation to be fulfilled by all the people. To show its strength, the army must uphold its sense of revolutionary vigilance through lofty ideals. That means the army must be determined to securely safeguard the independence and sovereignty of the nation, heighten the spirit of self-mastery, endeavor to achieve self-sufficiency and to build its own strength, and firmly maintain the militant alliance. The new views concerning the task of heightening revolutionary vigilance and maintaining combat readiness contain three points, they are: Achieve good fighting quality; firmly maintain a political and ideological sense; and strictly observe regulations and discipline.

To achieve good fighting quality means to achieve a high level of fighting capability from the individual to the collective. The cadres at each level must be also quick, resolute, and strict in commanding. Each one must maintain an ability to fight independently in a heroic and undaunted spirit. The political and ideological sense is considered a main objective for the cadres and combatants in the armed forces. The cadres and combatants must always be determinedly and purely loyal to the party and the country. They must clearly distinguish friends from foes. The political and ideological sense is considered a shock battlefield between us and the enemies. We must educate and train the cadres and combatants to achieve a high level of political and ideological sense and guide them to regularly put it into actual practice by implementating the line and policies of the party and state. Only by so doing can the political and ideological sense of the cadres and combatants in each unit be raised and can we defeat the enemies in the ideological field in a timely manner. Along with heightening revolutionary vigilance and maintenance of high combat readiness, we must pay attention to following up and firmly grasp the activities of the enemies. We must get information about the enemies from the very beginning, when they are still far away. We must also pay attention to carrying out patrol activities to defend areas around our positions. In addition, we must regularly examine weapons, vehicles, and other equipment; set up firm field positions; and effectively perform combat operational and logistic work.

In addition to achieving the good qualities in the aforesaid two fields, we must also be strong in the field of regulations and discipline. It is necessary for an army to maintain strict regulations and discipline. To talk about a strong army is to talk about an army which strictly implements regulations and discipline. Regulations and discipline are considered rules for an army to implement in a genuinely strict manner. In its daily activities, an army must strictly implement the six-point procedure, including the operational system to maintain combat readiness which is considered an absolute task to be fulfilled. Under the present circumstances, we have favorable conditions to fulfill the task to consolidate and build our forces and to always maintain combat readiness to deserve to be an iron fence of the country.

/12913
CSO: 4200/818a

KA, HAN CONVERSATION ON ENEMY TACTICS

BK161625 Vientiane Domestic Service in Lao 0600 GMT 13 Aug 87

[Conversation between Comrades "Ka" and "Han" about the enemy's implementation of psywar tactics--recorded]

[Excerpt] [Han] Regarding the situation in Indochina....

[Ka] Go ahead, Comrade. What has happened in Indochina?

[Han] After Laos, Vietnam, and Cambodia scored victories--especially after the genocidal Pol Pot regime was completely toppled by the rising up of the Cambodian people and after the PRK was established to follow the genuine socialist path--the imperialists, the international reactionaries, and the ultrarightist reactionaries in the Thai ruling circles became very concerned and began their opposition in every way, military and political, to oppose the revolutions in the three Indochinese countries. They sent Thai forces to seize the three Lao villages and to occupy certain dense jungle areas on Lao soil. A number of Thai armed units colluded with Thai logging firms to fell logs and destroy our forests in the (Meuang Paman) area in Sayaboury Province. Even though we have repeatedly protested their log poaching, they pay no heed to our warnings.

[Ka] They are so stubborn, Comrade, aren't they?

[Han] They have also committed various provocative acts against our country. Concerning Cambodia, they have fed and supported the Pol Pot clique and Cambodian reactionaries to oppose the Cambodian revolution. They have repeatedly mentioned the so-called Cambodia problem, Vietnamese aggression and occupation of Cambodia, and Vietnam intrusion into Thai territory.

[Ka] So, they want to turn black into white.

[Han] The truth is that they themselves want to reverse the situation in Cambodia. They refuse to give recognition to the PRK Government, but give their recognition to the Pol Pot-sihanouk-son Sann clique and remain obstinate in maintaining the seat of the so-called CGDK at the United Nations. While slandering others, the U.S. imperialists and the other international reactionaries have increased military assistance to the Thai armed forces by giving them more aircraft, weapons, tanks, and armored vehicles and by

planning to set up an arms stockpile in Thailand. Moreover, they have also staged many joint military exercises with the participation of the U.S. and Thai marines, infantrymen, and air force personnel.

[Ka] Are their slanderous campaigns against others aimed at covering their sinister schemes, Comrade?

[Han] Yes, that is true, Comrade. At present, they are stepping up their use of psywar tactics. Even though they have suffered military and political defeats, they have never ceased to wage war through simple means, Comrade.

[Ka] What are psywar tactics, Comrade? Can you explain this to me?

[Han] Psywar tactics are more heinous than any other form of war. They are so notorious for they are meant to penetrate the weak spots of our ranks. Those of us who entertain a free line of thinking, are ambitious, and lack firmness in ideological belief are always targets for their penetration, especially within our armed forces and among members of women's and youth unions. To be exact, most of these people are young men and women in the armed forces.

[Ka] You are right, Comrade. First of all, I think they want to disintegrate our armed forces because soldiers are the backbone of the party and strength of the country. If our enemies are able to dismantle the armed forces, it means that they will be able to easily disarm our people. Our enemies fear us because of the strength of our armed forces, right?

[Han] You are right. If we fail to maintain a sense of vigilance and become careless, we will immediately be defeated, Comrade. Psywar tactics are like sugar-coated poison. They look deceptively good. But when they attack you, they go right to your nerve center and your heart. They will pamper you with everything, money and all sorts of luxurious things. But we must never give in to their deception. We must keep in mind that all the things they use to lure us are poison which will kill us if we swallow it. Psywar tactics are part of a war waged by the imperialists and are aimed at serving the strategy of their global war and neocolonialist schemes.

[Ka] That is so....

[Han] They have used deceitful statements to discourage our youths, combatants, cadres, and people so as to make them capitulate to them. These psywar tactics will be employed for a long time to come because the enemies always try to please the palate of their target victims. For example, if we like something sweet, they will try to give us sweet things, and so on. The aims of the imperialists and the international reactionaries, together with their henchmen, in employing psywar tactics against Laos are--just listen carefully, Comrade--as follows: First they aim to erode the spirit of our army and people in defending the country and new regime and building and developing our nation so that our people will become discouraged and demoralized, thereby experiencing a sense of indecision in consolidating and building strength, lacking a sense of combat preparedness and vigilance, and eventually becoming weaker and weaker. Second, they aim to erode the cohesion

and unity between the armed forces and people and also among Laos, Vietnam, and Cambodia and to undermine our party's correct political policy of peace.

[Ka] comrade, you mean that our enemies are currently employing these tactics against us?

[Han] It's true, Comrade. They are doing just that day and night. Therefore, our soldiers, cadres, and people must maintain a high sense of vigilance. First of all, they must appreciate and firmly grasp the party's political line and hold aloft more prominently the principle of defining friends and foes, especially the principle of maintaining Laos-Vietnam-Cambodia solidarity. If we fail to appreciate and firmly grasp the party's policy and line as well as the right attitude toward the current situation, we will be prone to attack.

[Ha] It must be true just as you said, Comrade. Well, when I return to my unit, I will educate my compatriots there, hopefully convincing them to appreciate more profoundly the party's policy. Although they already maintain a high sense of vigilance toward the enemies' tactics, I still want them to be more vigilant. I now come to understand this issue, Comrade. I must say good-bye to you now, Comrade. See you next week.

[Han] Okay, Comrade. See you.

/12913

CSO: 4200/818a

ARMY LOGISTICS DEPARTMENT ON MARKET, COMMAND, CONTROL PROBLEMS

Vientiane KONGTHAP PASASON LAO in Lao 11 Jun 87 pp 3, 4

[Article by P. Sati: "A Model Battalion in the Area of Provisioning"]

[Excerpts] In the past few years, by acknowledging and absorbing policies and duties, the offices, organizations and units specializing in various areas affiliated with Division (C) have defended their area so that it is peaceful and stable with regard to disruptions, and destruction of the enemy and have strengthened their units. They also fulfilled the honorable duty of being self-sufficient in food. They created a good quartermaster system according to plans adopted by upper echelons, which related to the conditions and special situations of all the various units. Many units were able to be self-sufficient in regard to rice for 3 months, and some units were able to create an almost complete quartermaster system to supply meat and fresh vegetables for almost the entire year. This reduced reliance on the markets. Extra food was sold to a number of subordinate units. This continues to be an urgent and broad drive among the various units of Division (C).

Battalion (A) was one of many units which the division conference on provisioning in 1986 held up as model units for provisioning in 1986. Even though the unit experienced difficulties of many kinds--for example, there were insufficient command and technical cadres, the unit was far from the upper echelons, subordinate units were spread out in operations along the border and in various localities with insufficient vehicles and equipment, supplies from the upper echelon to maintain their living standard were not timely, etc.--nevertheless, the cadres and combatants in this battalion treated their self-sufficiency as an important matter and set tasks in detail. They struggled and overcame the various difficulties.

In 1986 they were able to achieve an income of not less than 500,000 kip from increases in production. Because of the increased inventiveness of the members of the unit in making various kinds of wooden tools, the unit and the individuals received a good income. As a result, the unit was able to increase its normal food consumption. All this was possible because the leadership cadres had a detailed plan, the members of the unit were unified in their work, and the goals of the battalion were adopted. The demibattalions, companies, platoons, squads and individuals strove to achieve their own income outside the common treasury. Individuals received a share of that which their work earned.

LOUANG NAMTHA MILITARY WEAKNESSES CITED

Vientiane KONGTHAP PASASON LAO in Lao 11 Jun 87 pp 2, 4

[Article by P. Sati: "The Military LPRYU of Louang Namtha Province After Reorganization"]

[Excerpts] The military LPRYU of Louang Namtha Province, although it had received leadership and regular training from the party, party committees and all levels of the military command aimed at making them tougher and expanding on the wonderful heritage of the province LPRYU, experienced shortcomings and difficulties in its organization because of the lack of sufficient responsible cadres. And a united front between the LPRYU and the various ethnic groups was not effectively established. The LPRYU's acknowledgment of the party policies and of its own activities was not profound so that the organization of this LPRYU lacked stability and did not extend far enough with regard to its duties and the masses. In addition, the nation's enemies took advantage with their propaganda to cause confusion in the LPRYU in order to bring about its breakup. Most LPRYU members acquired an independent ideology and were not committed to their duties; their lifestyle was Western.

Drawing lessons from this behavior, starting in 1985 all levels of party committees and command committees in the provincial military headquarters adopted a new method to improve the organization of their LPRYU and gave it a new life and duties to perform appropriate to its role. The committees worked with the provincial LPRYU committee to help train leadership cadres for LPRYU activities, and they sent a number of cadres to study with the central authority. This allowed them to see their weaknesses and the damage caused in the past as well as to recognize their duties to the nation and society, especially their duty to defend and build the nation inspired by the party. In addition, the party developed new movements to serve as examples for the LPRYU in general; the members trained to struggle in every area demanded by the party. The party led the LPRYU to again successfully perform its duties. The party created the conditions for the mass LPRYU organizations to participate more broadly so that the LPRYU organization in question grew quickly. At present the LPRYU membership has increased to 231, and there are 15 units in offices and grassroots organizations. Among these are 32 party members who have joined the leadership. All LPRYU members have not only received training and improved their political ideology and their awareness of the enemy's schemes, but they have also become models of struggle in various areas of

activity; for example, in performing their duty to defend the nation by building forces to defend the peace and by building guerrilla forces, in improving the standard of living, in creating strong units, and in performing various construction duties in vigorous drives.

As a result of the improvements leading to these activities, the military LPRYU of Louang Namtha Province now has 62 members rated good and 125 members rated average, and it has created five units.

8149/9716

CSO: 4206/119

MILITARY MISSIONS AGAINST LAO EXILES DETAILED

BK151454 Vientiane Domestic Service in Lao 0430 GMT 12 Aug 87

[Feature article: "They Are Prepared To Fight and Punish the Enemy"]

[Text] The comrade commander of Independent Battalion M, in the Sayaboury region, told us on the morning we met about the national defense activities carried out by the units under his command during the first half of this year. He said that in addition to paying attention to engaging in ideological work and consolidating their organization, these units also attentively executed his instructions in carrying out search missions to find the hideouts of Lao exiles who sneaked into certain areas under the units' command. He said that sometimes his units managed to track them down and mete out due punishment.

During the conversation, the battalion political officer told us that in the first half of this year, his battalion launched two attacks against Lao exiles. In the first attack, the battalion command sent only a squadron of soldiers under the direct command of the squadron leader to carry out a mission against the enemy. The squadron put out of action a number of the exiled elements and captured some military equipment. He pointed out that the battalion became even more vigilant in carrying out combat missions.

The battalion command eventually set up a combat command for all units in the battalion. The battalion commander and his staff officers outlined and prepared field combat tactics and strategy and assault and mobile forces in a draft combat chart. At the same time, at least two sets of ground artillery pieces, together with a full supply of ammunition, were also prepared. Adequate logistics supply was also ready at all times for any missions day or night, including white rice and other kinds of food.

Our preparedness was perfect. But that did not mean that we sat idly by in our posts. We were prepared to move out at any time. For example on 31 May this year, our battalion was instructed by the LPA General Staff Command to carry out another suppression drive against Lao exiles. The battalion command used only one company directly under the command of the battalion commander assisted by his deputy staff officer. The company engaged in one of the fiercest combats with the enemy since the beginning of the fighting. Our combatants and cadres from Company B spent more than three days trekking through thick jungles, high mountains, and deep ravines to search for the enemy. Our comrade combatants, however, were never discouraged because they

were so determined to defend our fatherland and maintain security for their compatriots of all tribes at any cost. Upon reaching their destination, our combatants were thrilled about seizing the enemy's positions. The Lao exiles were caught off guard, but they also put up a strong fight. The fighting lasted for a long time, from 1100 in the morning until dusk. During that period, we launched eight attacks against them. Finally, we managed to drive them out of their positions, killing more than 10 of them, wounding 20 more, and capturing many others and also capturing some war material. After seizing the enemy's positions, a number of our men were assigned to stay there while the rest returned home safely.

At present, our battalion remains prepared to execute any instructions and orders of the higher level with regard to national defense. Our combatants are ready to consolidate and build our units along the new line of thinking with a view to gradually and continually contributing to building our army into a modern model revolutionary army.

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CSO: 4200/818a

SAYABOURY SECURITY NABS THAI-SPONSORED SPIES

Vientiane KONGTHAP PASASON LAO in Lao 11 Jun 87 pp 2, 3

[Article by So Vongphouthon: "A Short Subject: an Incident on a Festival Day"]

[Excerpts] The drum sounded from the temple in the early morning. It called on people to gather and prepare for the Phavet festival, a traditional Buddhist festival in which many people regularly participated.

In Buddhism, the Phavet festival is an important day for almsgiving. Those who come to gain merit and give alms represent just a small proportion, perhaps one-fourth, compared with those who come to have fun at the festival in this locality. It seems that many more people gather on those days of the Phavet festival in which cattle and buffalo are slaughtered than on other festival days. In some villages it appears that the cattle and buffalo, which have been draft animals since ancient times, have become sacrificial animals by the dozen to feed the people attending the festival. It could be said that this is an extravagance which has become a tradition in the localities under the heading of "religious festival." The people of Ban Nakha Village do not have a fixed schedule for this ceremony; they might hold it in 2- or 3-year cycles, or, if conditions are bad, they might hold it every 5 to 6 years. This is different from the practice at Ban Boten Village and Ban Kenthao Village which are in the same locality; here they hold it on alternative years, and the schedule is fixed: the Boten festival is held in mid-June and the Kenthao festival in mid-July.

Saithanou, together with a platoon of comrades, was assigned by district officials to maintain the peace in order to allow the people to amuse themselves with the traditional ceremony.

Ban Nakha Village, located at the Lao-Thai border, is affiliated with Boten Canton of Boten District, Sayaboury Province. Because of the situation of the village between the peoples on the two banks of the river, together with the drunkenness and revelry of the people, sabotaging the lives and property of these people would be very easy. Therefore Saithanou had to maintain high vigilance; he directed his comrades to be prepared and not to get drunk because they might be careless and let the enemy take advantage.

In fact, this is a joyous festival of the masses which is called a religious festival. People go to many eating and drinking places, and this indicates the

real nature of the festival: usually it is chaotic. The normally peaceful and quiet atmosphere becomes lively.

At 5 pm Saithanou received a report from the responsible defense squad at the Ban Tai Village [south] section saying: "A report has been received from the production base that at present two of the enemy have disguised themselves and are mingling with the crowd at the festival."

As soon as he heard that enemies had entered the south section, he quickly ordered Comrade Visit, the head of the squad defending the section, to follow them closely. In addition, he ordered him to assign an informant out of uniform to mingle with people at the festival and observe every activity. If he saw anyone unusual, he was to take special notice. If it was clear that it was really someone sent by the enemy, the person was to be detained immediately and sent along to the upper echelons.

At that time all sections of the village were filled with the sounds of revelry from those who were drinking: there were constant sounds of singing, dancing, clapping and the beating of drums. Because of the drinking, they lost all fear. If someone wanted to say something, he said it right out without worrying about whether it was wrong or right. Two strangers who came from afar to the festival began to act strangely. Finally, when the effect of the liquor was great, something secret was revealed.

When it became clear that the two strangers had come with the intention of causing a disturbance, Comrade Visit led his men to detain the two and take them to Saithanou so they could work together to correct the situation.

News of the detention of the two strangers spread quickly. Within about 20 minutes a person came with a letter for Saithanou from the unit defending the Thai border. The letter requested the release of the two and claimed that they were ordinary people who had gone to join in the festival according to custom.

Saithanou read the letter over many times, walking up and down. He could not understand "how the Thai officials came to be involved with the two people since they said that they were both true Lao." He thought about it, and when he considered the many incidents of the past, he realized that "the rightwing reactionary Thai always act as enemies of the LPDR; they do not like to see the Lao people at peace; they provide sanctuary for expatriate Lao reactionaries and encourage them to come back and disrupt the revolution. The arrival of the two for the purpose of blending in here in the rear lines was not accomplished without the knowledge of the rightwing reactionary Thai, and for this reason they showed their concern when they learned that the two had been captured. And this is why we have to send the two to the upper echelons as quickly as possible to ascertain the details," he decided.

When this decision had been made, Saithanou gave orders for the village administration to have three guerrillas coordinate with two of his men in taking the two to district headquarters that night.

A moment later there was a report that Thai border police and volunteers were going to cross over and attack in order to seize the two suspects who had been captured. The village group broke up in excitement and fear, and there was no more eating or sleeping. The festive plans of the LPRYU were cancelled. The old people were undecided whether to go to the temple or not. In this situation, Saithanou called together the village administration and the cadres who had come to the festival on their own in order to discuss the situation and work together to find a solution.

Everyone's views were expressed in this discussion, and these were summed up in a plan which was to be implemented immediately: the available guerrilla forces were to coordinate with the soldiers to block the important routes which the enemy would use to enter. The cadres who had come to the festival on their own were to work with the village administration on propaganda to reassure the people so that they would feel secure and remain calm. In addition, the people were to continue with the festival without worrying about the situation. The mobilization committee was to make sure that the people had faith in the ability of the officials to maintain peace. If the situation became violent, our forces were ready for any eventuality.

Along the border on the Thai bank there were sounds of motorcycles going back and forth constantly from dusk until midnight, and then it was quiet.

Time passed without any encroachment on our territory except for the appearance along the border of Thahan Phran irregulars and volunteers, who voiced threats to prevent the Thais from crossing over to the festival--threats, however, that will be unlikely to sever the good relationship between the peoples on the two banks of the Nam Heuang River who have been able to travel back and forth to festivals since ancient times.

The festival proceeded according to the plans of the committee in every detail. The next night the LPRYU held a joyous lamvong [native dance] according to plan. The festival continued with complete success, bringing joy to all the Buddhists.

8149/9716

CSO: 4206/119

CABINET DECREE ON STATE IMPORT-EXPORT MONOPOLY

BK130915 Vientiane Domestic Service in Lao 0000 GMT 10 Aug 87

[Decree issued by the Council of Ministers and signed by Kaysone Phomvihane, chairman of the Council of Ministers, on the state monopoly of management of import-export business; dated 26 June]

[Text] To realize the spirit of the resolution of the Fourth Party Congress on the stepping up of the state monopoly on foreign trading and management of import-export business in a unified manner throughout the country, to do away with middlemen, and to effectively and efficiently carry out thorough trading transactions, the Council of Ministers issues the following decree:

Article 1. In order to implement the principle of thorough trading transactions, all business sectors having regular and voluminous trade with foreign countries must sign direct contracts with the company which purchases the goods from Laos, or with the company producing goods that Laos wants to purchase, or with agents of those companies, which are officially permitted by the government to be stationed in Laos. The state will study and consider granting permission to the foreign companies having trading contracts with Lao business sectors to install their own agents in Vientiane and certain key provinces. The Council of Ministers has assigned the Ministry of Trade, after coordinating with the Foreign Affairs Ministry, to issue permits for those companies to install their agents. The Ministry of Trade must examine all agents of foreign companies which have been installed in Vientiane and in other provinces. If no such conditions mentioned above exist, those agents will be abolished.

Article 2. The Council of Ministers is to appoint Lao trading agents to be stationed in foreign countries to directly carry out trade with foreign companies. These Lao trading agents will depend on the embassies regarding administrative and economic matters and on the management of the Ministry of Trade regarding specialized matters. The Lao trading agents stationed abroad must submit regular reports to the Ministry of Trade and to the offices concerned on the situation of markets and prices and must strictly abide by international trade law. They have the right to sign trade contracts with foreign countries for the business sectors in the country when those business sectors have granted them authority to do so and to follow up and encourage the Lao and foreign companies to correctly and timely deliver goods in accordance with the quantity, quality, and specifications stipulated in the

contracts bilaterally signed. The business sectors in the country, which have the authority to carry out import-export transactions, have the rights to send their own representatives to coordinate actual work with the foreign companies which have signed contracts with them through the Lao agents accredited to those respective countries. However, they must receive approval from the Council of Ministers to do so.

Article 3. The Council of Ministers grants the right to the Ministry of Trade and the administrative committees of all provinces and municipalities to act as the bodies to guide, manage, and inspect all import-export activities within the boundary of their management rights.

Article 4. The Council of Ministers grants the right to the Ministry of Trade to issue permits for carrying out import-export transactions to the central economic sectors and other international economic sectors in Laos. As for the economic sectors in the provinces and municipalities, the provincial and municipal administrative committees are authorized to do so.

Article 5. The import and export of all kinds of goods, regardless of type, such as strategic and (?consumer) goods, ornamental items and high-value materials, display goods, temporarily imported or exported goods, goods acquired with loans or assistance, and cultural goods, must be carried out with import-export permits. With regard to material belongings taken into or out of the country by individuals on their persons, no import-export permits are required. The Ministry of Trade, the Ministry of Finance, and the State Bank are authorized to define the categories, quantity, and values of such personal belongings.

Article 6. The business sectors which have the right to request permits to carry out import-export transactions are as follows:

1. The center's import-export companies and those factories permitted by the Council of Ministers to carry out import-export business;
2. Import trading companies or state-private partnership companies of the provinces and municipalities;
3. Other economic sectors producing goods for export;
4. Other organizations and individuals having privileges to bring into or to sent out goods, such as diplomats and international organizations.

Article 7. The business sectors permitted to carry out import-export transactions must carry out trading in accordance with plans. Each plan must clearly state the specifications, quantity, original purchasing price, and final selling price of goods. The original purchasing price is the price paid to the original company; and the final selling price is the price of our goods to the destination company. If trade is carried out with socialist countries, only one permit is required for the yearly plan. Except for this, a permit must be acquired for each import-export transaction. The plans of the center's economic sectors must be submitted to the Ministry of Trade; but those of the economic sectors in rural areas be submitted to the trade

services of the provinces or municipalities. The trade services must rely on the plans of these sectors in mapping out the provinces' plans which will be submitted to the Ministry of Trade. The Ministry of Trade must rely on the plans of the center's economic sectors and of the provinces in mapping out the national plan which will be submitted to the State Planning Committee for collective modification before forwarding it to the Council of Ministers for approval.

Article 8. All economic sectors permitted to carry out import-export transactions must register their own businesses before business activities can be carried out. The Ministry of Trade and the trade services of the provinces and municipalities have the authority to issue registration papers and other necessary documents to the economic sectors at their respective levels.

Article 9. The Ministry of Trade, the State Planning Committee, the Ministry of Finance, the State Bank Committee, the Ministry of Foreign Affairs, and the chairmen of the provincial and municipal administrative committees are instructed to strictly organize and implement this decree. This decree is effective immediately on the day it is initialed. All other decrees contradicting the contents and spirit of this decree are superseded.

[Dated] Vientiane, 26 Jun 1987

[Signed] Kaysone Phomvihan, chairman of the Council of Ministers.

/12913

CSO: 4200/818a

PASASON EDITORIAL ON CIRCULATION OF GOODS, MONEY

BK111311 Vientiane Domestic Service in Lao 1200 GMT 7 Aug 87

[PASASON 7 August Editorial: "Strictly Implement the Decree of the Council of Ministers on Intensifying Goods-Money Circulation"]

[Text] To turn our country's economy from being a natural economy into a commodity-production economy, to enable trade work to proceed freely and legally, and to stimulate production and improve the people's living conditions so that they can carry out the two strategic tasks of defending the country and building socialism, the Council of Ministers has adopted a decree on some guidelines and methods for intensifying the circulation of goods and money.

Fundamental principles: To intensify the circulation of goods and money, the decree of the Council of Ministers points out the need to fully utilize goods-money relations to stimulate production and goods circulation; to utilize all economic sectors so that they will carry out production and business, thus increasing the production of goods with each passing day; to positively create conditions to restrict and minimize the direct exchange of goods and gradually apply goods-money relations through buying and selling and through markets; to speed up the rotation of the circulation of goods and money and ensure a balance between goods and money; to apply the socialist business accounting system at all production and business units, such as the business sector of the trade, banking, and transport branches; to make production, circulation, and marketing directly related; eliminate the middlemen; enlarge markets; and to completely separate the state-financed economy from business.

To concretize the circulation of goods and money, the Council of Ministers also advises each province, municipality, and grassroots to enlarge markets in which many economic forces and sectors take part; pay attention to developing marketing cooperatives, such as in border, rural, and remote areas; do away with all forms that prohibit the division of regional and zonal markets; abolish various goods checkpoints along communications lines in the country; and strictly prohibit soldiers, policemen, and militia-guerrillas to carry out the task of controlling the circulation of goods. Provinces, districts, and cantons are not allowed to separately monopolize buying and selling activities. State and collective production and business units, state-private joint ventures, and private units must actively step up free and legal buying and selling activities, sign two-way contracts, and maintain extensive

business relations. It is also necessary to firmly grasp market prices and engage in general wholesale activities in buying and selling; to eliminate the state-financing characteristics of the supply of production means through buying and selling; to gradually adjust the circulation of goods and money as directed; to increase state retail sources and sell goods at the prices that truly appear in markets; and to examine all the goods that remain in warehouses so that they can be circulated at the prices that correspond with the quality of each type of goods. To enable the state to effectively regain cash, it is necessary to increase various appropriate forms, such as the forms of serving the people and broadening the sale of goods required by the state in large amounts.

Various townships must sell goods of high quality and goods which are popular among the buyers. State trade companies must sell various types of goods monopolized by the state, including production means, to the people in general at market price. The bank must apply autonomy in business and conduct the buying and selling of foreign currencies and precious material at market prices. Positive efforts must be made to resolve the problems of internal debt between offices and organizations and business units or between two business units.

The above fundamental principles and procedures adopted by the Council of Ministers for intensifying the circulation of goods and money are correct and realistically conform with our country's socioeconomic situation. During the past 10 years or more of socialist construction and transformation in our country, even though our national economic bases have initially regained strength and though the material and spiritual life of the people of various ethnic minorities has been improved to some extent, our country's economy remains basically a natural and subsistence economy; the volumes of goods produced in the plain and mountainous areas and in the areas of natural economy and commodity-production economy are not yet balanced. Moreover, the introduction of restrictive administrative measures under many forms continue to restrict the circulation of goods, thus worsening the unavailability of markets for goods in some areas in our country, negatively affecting the development of the production of goods.

Therefore, to gradually turn the natural and subsistence economic bases into socialist bases of commodity-production economy, it is necessary to step up the circulation of goods and money so that it will proceed freely and legally, to make markets based on money appear in all areas, and to stimulate the development of the production of goods in our country. For this reason, all previous resolutions, instructions, and procedures that contradict the spirit and content of this decree are nullified. All localities, organizations, and offices must strictly implement this new decree issued by the Council of Ministers on intensifying the circulation of goods and money.

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CSO: 4200/818a

CONFERENCE ON FAMILY ECONOMY OBJECTIVES HELD

Vientiane KHAOSAN PATHET LAO in Lao 2 Jun 87 p A3

[Article: "The Opening of a Training Session on the Family Economy"]

[Text] On the afternoon of 30 May in the capital, Vientiane, the Ministry of Agriculture, Forestry, Irrigation and Agricultural Cooperatives together with the UN Organization for Food and Agriculture in Laos held a ceremony marking the opening of a training session for creating family economies for the families of cadres and workers subordinate to the central authority as well as to the province and city of Vientiane. There were 38 representatives who came to provide instruction, including 12 women. The purpose of the training is to teach members of families in cooperatives, cadres, state employees and workers in the countryside and in the towns to be able to organize production in their free time from government work that would make them self-sufficient in food and would help provide 50 percent of the salaries, thus assisting the party and state.

There will be instruction in crop cultivation, animal husbandry, handicrafts, food preparation and in preserving vegetables, fruit, meat and fish for long periods while maintaining their flavor. This training session will last for 2 months.

Mr Khamsing Saingakon, the first deputy minister of agriculture, forestry, irrigation, and agricultural cooperatives, honored the ceremony with his presence. Mr Joseph Toksek, who represents the UN Organization for Food and Agriculture in Laos, also attended, as well as representatives of various ministries and units subordinate to the central authority.

8149/9738

CSO: 4206/122

INSTRUCTION ON EDUCATIONAL STRATEGY ISSUED

BK120554 Vientiane Domestic Service in Lao 1200 GMT 8 Aug 87

["Instruction" issued by the LPRP Central Committee Secretariat and Council of Ministers Standing Committee, signed by Khantai Siphandon, member of the Political Bureau and of the Secretariat of LPRP Central Committee, on implementation of the LPRP Central Committee and Council of Ministers resolution on educational strategy from now until the year 2000—date 18 July 1987]

[Text] To chiefs of various committees attached to the party Central Committee, ministers, chairmen of all state committees, chiefs of various central mass organizations, secretaries of party committees, and chairmen of provincial administrative committees throughout the country:

The party Central Committee and the Council of Ministers, in the fourth session held from 6 to 9 June 1987, adopted a resolution on the educational strategy from now to the year 2000. The success of the session marks a milestone, a new turning point, in the history of our country's educational affairs. To realize in a timely fashion the initial stage of the resolution to pave the way for the complete implementation of all contents of the said resolution, the party Central Committee Secretariat and the Council of Ministers Standing Committee have decided that the following tasks are to be promptly implemented:

1. To open training courses for cadres, party members, and teachers and then for the people of various tribes throughout the country to study and profoundly understand the said resolution. The State Committee for News Agency, Newspaper, Radio, and Television and the Education Ministry are authorized to launch propaganda campaigns under all forms, through all methods, and with all mass media tools available to present the basic issues of the educational strategy and educational reform to the masses to enable them to come to understand ever more profoundly the significance and role of education work for the revolutionary cause of our country. The Propaganda and Training Board of the party Central Committee and the Education Ministry together are assigned to work out plans for organizing the cadres of various branches, in particular the educational branch, to study to profoundly understand the resolution; compile documents on the contents of the resolution for use in educating and training the people. This is to be completed by the

end of the year 1988. In the immediate future, they are to prepare materials for the conference of the cadres in the center and various provinces which will be organized by the party Central Committee Secretariat and the Council of Ministers Standing Committee for the cadres to study the said resolution.

2. Party and administrative committees at all levels are authorized to organize meetings to review their situation and guidance for implementation of educational work in their respective localities in the past, in particular since 1981. They are also assigned to work out plans for the implementation of various objectives of the educational strategy in their localities from now to the year 1990. The plan must be based on the resolution of the party Central Committee and the Council of Ministers.

3. The State Planning Committee is assigned the following tasks: coordinate with the Education Ministry and the Finance Ministry in delineating the figures on the expectations for the educational plan; balancing the budget and the use of materials and tools for the Second 5-Year Education Plan in conformity with the spirit of the said resolution; coordinate with the Education Ministry and the Educational Committees in selecting cadres and students for further studies at home and abroad; working out plans for building and training scientific and technical cadres as well as teachers both at home and abroad; working out plans for consolidating and rearranging various existing vocational schools and senior high schools and making preparations for setting up more in accordance with international cooperation plans; drawing assistance for the fulfillment of the objectives of the educational strategy and the educational reform; coordinate with the Education Ministry and the Finance Ministry in drafting supplementary plans for a policy for the wage and allowance system for teachers and educational cadres and then presenting it to the Council of Ministers for approval in late December 1987.

4. Perfect educational management and guidance apparatuses at all levels to guarantee implementation of the resolution of the party Central Committee and the Council of Ministers of the educational strategy. The Organizational Committee of the party Central Committee must assist the Education Ministry in perfecting the apparatuses of the Education Ministry and various schools under the ministry. The Education Ministry must help various provinces perfect the apparatuses of the provincial, district, and canton education services.

5. The Education Ministry is entrusted with making preparations for effecting educational reform; revising curricula, instructional plans, textbooks, and regulations in educational management of all study branches in accordance with the principles and direction of educational reform stipulated in the resolution adopted by the party Central Committee and the Council of Ministers; printing publications and textbooks; producing equipment to serve classroom instruction and studies and for distribution to the grassroots; organizing training programs to upgrade school teachers, professors, and administrators; compiling Lao dictionaries; setting up the center's cultural training school; beginning to carry out education reform in the 1987-88 school year; paying attention to mobilizing mass movements to complete education at the elementary level; promoting the fulfillment of the party's fundamental principles; and paying attention to building foundations for educational equipment.

6. The branches of work, mass organizations, and production bases must map out plans to improve and build child care centers and kindergarten schools for children of state employees and cadres working under them; mobilize cadres and state employees as well as their members to engage in supplementary educational training; create conditions for their children aged between 6 and 14 years old to receive and complete education at the elementary level; make contributions to and assist educational services and schools in fulfilling the objectives of the educational strategy and reform by relying on their respective roles and tasks. The State Council of Science and Technology must prepare plans to conduct scientific researches and organize and guide vocational training schools and universities to participate in scientific research and map out a plan to compile a dictionary of science terminology in Lao. The economic, cultural, and technical services, especially the State Council of Science and Technology and the Education Ministry, must provide up to date information on science developments to the public. The Ministry of Culture must have a plan to perfect and upgrade the national library step by step. The mass organizations, especially the Lao People's Revolutionary Youth Union, must act as pioneer forces in carrying out the education strategy in an effective manner.

7. Emulation campaigns on effective class instruction, classroom attendance, and school management must be officially launched beginning in the 1987-88 school year among the education services and forces. The Ministry of Education has the duty to set up and popularize the measures, standards, and organization methods of these campaigns and to make preparations to convene the first national congress on education in 1988.

8. The education minister is to organize the implementation of the decisions of the party Central Committee and the Council of Ministers and to coordinate and cooperate with, assist, and encourage all services, mass organizations, and localities to fulfill the instruction of the party Central Committee and the Council of Ministers. He must present a report to the party Central Committee and the Council of Ministers every three months.

Vientiane, 18 July 1987

[Signed] Khamtai Siphandon, on behalf of the party Central Committee and the Council of Ministers.

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CSO: 4200/818a

SAMAN VI-GNAKET INTERVIEW ON EDUCATION STRATEGY

BK151029 Vientiane KPL in English 0857 GMT 15 Aug 87

[Text] Vientiane, 15 August (KPL)—Education must be closely connected with national socio-economic work, said Saman Vi-gnaket, Politburo member, secretary of the LPRP CC, in an interview granted to KPL and PASASON paper newsmen on 13 August.

After recalling the education strategy up to the year 2000 passed by the LPRP CC 4th Plenum, and by the Council of Ministers, as well as the achievements scored in education in the past ten years, he spoke of five objectives of the educational strategy.

They are:

1. To promote complementary education among people of all ethnic groups, while continuing to eradicate illiteracy. Primary education is compulsory for 6 to 14 year-old children. As for key cadres at the grassroots and in districts as well as progressive workers and youth, junior highschool education is compulsory.
2. Attention should be paid to educating the young generation by training them into a new type of socialist men, developing and improving the quality of kindergartens and creches as well as reforming education.
3. To train skilled workers as well as technical, scientific, economic cadres who are loyal to the party's revolutionary cause and able to do practical work.
4. Attention should be paid to the development of education in mountainous regions and among ethnic groups aiming at raising their educational level and training their own technical, scientific cadres.
5. To train teachers, professors and educational management cadres who are loyal to the party's revolutionary cause, and good at science and teaching.

Referring to the objectives and task of educational reform, Saman Vi-gnaket said that education should be connected with the socio-economic work of the country and of each locality, and should be combined with production.

Concerning the reform at vocational schools and institutes, he said that more attention should be paid to the teaching of the Marxist-Leninist world outlook and consciousness of the working class and of professions.

In order to realise these objectives, he said, the following measures will be taken:

- 1) To publicize the resolutions of the LPRP CC and of the Council of Ministers.
- 2) Attention should be paid to training teachers, professors and educational management cadres by raising their educational level and their living standard, materially and spiritually.
- 3) Appropriate investments should be made in education.
- 4) Education is the duty of all people. That is why we should mobilise all social forces, state institution, mass organisations, production bases as well as monks and overseas Lao nationals to materialise the educational strategy.

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CSO: 4200/818a

SAYABOURY PEOPLE'S COURT LENIENT TO THAI POACHERS

BK140700 Vientiane Domestic Service in Lao 0000 GMT 14 Aug 87

[Text] On the afternoon of 12 August, the People's Court of Sayaboury Province held a court session to give out a verdict against five Thai citizens who had violated Lao laws by encroaching on the sovereignty and territorial integrity of the LPDR to fell trees on Peaks 882 and 983 in the Khoun Heouang area, which were declared restricted territory under Lao sovereignty. The suspects included Min Chathakun, 28; Phaeng Chanthakun, 38; Matthayon Chathakun, 20; Surin Chathakun, 38; and Sinuan Singrat, 22. They were villagers from (Ban Na Phakang) and (Ban Lao Kohok) villages, Tambon (Sengpha), Naheaw District, Loei Province, who were captured by Lao authorities on 1 June.

During the court session, Sa-gna Sengpadit, chairman of the panel of judges of the People's Court of Sayaboury province, read out the verdict:

[Begin Sa-gna Sengpadit recording] Based on the statements made by the defendants and the charges made by the prosecutor, the suspects were brought to trial. The court has informed the suspects of the accusation. After studying the evidence from various documents and hearing the statements made by the suspects, the court has reached a decision that the accused have intentionally committed a legal offense by destroying forests which are invaluable natural resources of Laos and intruding into Lao territory. After they were arrested by Lao authorities, they confessed that they intentionally intruded into Lao territory. The court has reached a verdict that the act committed by the suspects has seriously damaged the property of the Lao people. [End recording]

Sa-gna Sengpadsit went on to say that even though these Thai citizens committed a legal offense in Laos and should face severe punishment, however, in view of the LPDR's just and correct policy of peaceful coexistence with neighboring countries, including Thailand on the basis of the 1979 joint Lao-Thai communique, for the sake of humanitarianism, and to make the Lao-Thai border a genuine zone of peace and friendship, the LPDR Government, the Lao people, the People's Court of Sayaboury Province, and the Administrative Committee of Boten District granted an amnesty to the five accused and allowed them to return to their families.

After the court announced the verdict against the five Thai citizens, the Lao authorities took them to the Lao-Thai border to hand them over to Thai authorities. But without any reason, the Thai side refused to accept the five persons back to Thailand. However, the Lao side is ready to hand them over to the Thai side in the future.

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CS0: 4200/818a

LOCAL OFFICIAL ON THAI LOG POACHING IN BOTEN

BK150607 Vientiane Domestic Service in Lao 0000 GMT 15 Aug 87

[Statement "recently" given by Duangchit Phetlangsi, chairman of Administrative Committee of Boten District, Sayaboury Province, to national radio correspondent--recorded]

[Text] In the past, I have assigned forces to patrol and defend the border area in accordance with the agreement signed between the King of Siam and France in 1907. We have respected the frontier mentioned in the agreement. The Lao-Thai border area in Boten District stretches from Thailand's (Ban Keng Muang) along the Heuang River and upward to the (Nam Heuang-Thouan) area, which is named by the agreement and called (Heuang Paman) by the people. The local Thai people call this area (Huai Choeng). From (Heuang Paman) the border area goes up to the watersheds on (Miang) Mountain and (Soi Dao) Mountain and turns to (Louk Kha) Mountain and to (Khao Si) Mountain, (Khang) stream and (Leuk) stream. We have assigned local forces to patrol and defend these border areas, keeping in mind that the areas separated by the watershed where the water flows into the Mekong River are part of Lao territory and that the areas through which the water flows to the Nam Tha River are part of Thai territory.

We are aware that in the past years the people on the Thai side have come to make a living and grazed their cattle on the Lao side of the border. Nevertheless, we regard this as a matter of brotherliness, which should not cause any problem. Yet, since 1986 our patrol units have found that the Thai side has built a road from (Seng Pha) and (Lao Ko Hok) crossing (Heuang Paman) which the Thai side calls (Huai Choeng) to exploit and fell our logs in Houai Sai, (Heuang Sai), and (Heuang Nga). This is why we have lodged many protests to Thai authorities, indicating that we have conducted patrol duties and clashed with Thai troops and exiled Lao elements on three occasions--an action to safeguard our sovereignty and territorial integrity. However, the Thai side has stubbornly not given up its ambition and greed. This was shown in June this year when our local officials and patrol units clashed with Thai forces, including Thai rangers, who had been sent to protect a wood exploitation company on Peak 1275. According to information obtained from the Thai side, the owner of the company is named (Wichai) of Uttaradit Province.

Regarding the illegal logging in the (Nam Heuang) area by the Thai people, early in 1986 I personally wrote a letter to the district officer of Na Haeo, demanding that he take measures to inspect and end the logging. However, the Thai side did not offer any cooperation to the Lao side. Moreover, it has further encouraged the company to log in the area covering more than 70 square kilometers, including more than 30 square kilometers where trees have been felled and removed. This forested area is a forest preserve area of our Boten District. The trees in this area are highly valuable and are for preserving water resources.

Regarding forest conservation, I think the Thai side should have a similar law. In Laos, we have a law to protect forests. Anyone found logging without authorization from the local administration or officials concerned will be punished in accordance with the law. In Thailand, those who [words indistinct] are fined as much as 100,000 or 200,000 baht. In stealing logs from Laos, would the Thais not be subject to committing crimes against Laos?

I am of the opinion that the robbery can be characterized as being of two types--the first is that the company has cooperated with the Thai military, as during our patrol duties we found and clashed with the soldiers protecting those felling logs; the second one is that the Thais are directly thieves robbing us of our property in an area of more than 30 square kilometers on our own soil. In Laos, anyone found violating our laws would be duly punished. For this reason, I wonder what measures the Thai side would take to deal with the encroachers who not only steal wood but who also violate the border line separating our district from Thai territory. I am interested in this matter.

The local people of Boten District resolutely demand that the Thai Government take effective measures to examine the incident concerning the wood exploitation, particularly concerning the occupation of the (Heuang Paman) area which is called (Houai Choeng) by Thailand. We demand that they totally (?withdraw) and halt the illegal felling of logs belonging to Laos, stop using forces to threaten and nibble at our territory, completely give up schemes of military threats and deception against Laos. [Words indistinct] the fraternal relations.

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CSO: 4200/818a

COURT'S LENIENCY TO THAI LOG POACHERS HAILED

BK170439 Vientiane Domestic Service in Lao 1400 GMT 16 Aug 87

[Unattributed commentary: "Those Ill-Intentioned Elements Bent on Undermining Lao-Thai Relations Should Be Checked"]

[Text] On the afternoon of 12 August, the People's Court of Sayaboury Province handed down a verdict of imprisonment on five offenders--all Thai citizens--who illegally felled logs and encroached on forests on peaks 892 and 983 in the Khoun Heuang area, which is a restricted area under Lao sovereignty. The offenders are Thai citizens from (Ban Na Phakkang) and (Ban Lao Kohok) villages in Tambon Sengpha, Nahaew District, Loei Province. They were captured by local Lao authorities on 1 June.

The verdict against the offenders, who are Thai citizens, is a very correct, suitable, and equitable action taken by a state which maintains its independence, sovereignty, and territorial integrity. It is known to all that those who are caught red-handed in the act of violating international laws are subject to heavy punishment. But, with the good faith of the Lao Government and people, the People's Court of Sayaboury Province has decided to allow the offenders to return to their native villages. This shows the correct and just line and policy of the party and government of the LPDR which has always sought to coexist peacefully with neighboring countries, in particular with Thailand.

It is regrettable, however, that despite the good intentions and aspirations of the LPDR, in previous years as well as now, the Thai side has not shown any appropriate response. Worse still, obstacles and adverse incidents have repeatedly occurred as a result of the hostile activities of the Thai ultrarightist reactionaries who have always tried to sabotage the good relations between Laos and Thailand by trampling on the Lao-Thai and Thai-Lao joint statements signed between the governments of the two countries in 1979. Their undesirable acts have been carried out in many forms.

Regarding this, Douangchit Phetlangsi, chairman of the Boten District administration, has provided considerable detail on the acts of the ultrarightist reactionaries in directly encroaching upon Lao territory or sending ill-intentioned elements and exiled Lao reactionaries to infiltrate into Laos to create disturbances among the Lao people living along the Thai-Lao border. The problem of the three Lao villages created by the Thai

ultrarightist reactionaries has not yet been resolved. They have even created more problems including the ones concerning Boten and other incidents.

In light of this situation, it is necessary to promptly check the bloody hands of the ill-intentioned elements and of the ultrarightist reactionaries in the Thai ruling circles, who aim to sabotage Thai-Lao and Lao-Thai relations, in order to maintain, improve, promote, and expand the relations between the two countries and two peoples of Laos and Thailand.

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CSO: 4200/818a

BRIEFS

THAI CITIZEN REPATRIATED--This morning in Vientiane City a Thai who had been convicted and sentenced by the people's court in Vientiane City of entering the country illegally was transferred back to Thailand. A ceremony was held in the presence of Mr Khamphon Pathammavong, representing the administration of Vientiane City, Mr Kiangkai, representing the Thai Embassy in Laos, and a number of cadres who were involved. The people's court had convicted Mr Samphan Boulanasin, a 31-year-old mechanical engineer and Thai national from village No 127, Saibouli Road, Songkhla District, Songkhla Province, Thailand. This individual was arrested by officials on 3 November of last year for entering the country illegally. On 9 April the people's court of Vientiane City convicted him and sentenced him to 4 months' imprisonment. As the sentence has been served, he was expelled from Laos to Thailand. [Text]
[Vientiane VIENTIANE MAI in Lao 16 May 87 p 1] 8149/9738

CSO: 4206/122

UMNO SUPREME COUNCIL APPOINTMENTS ANNOUNCED

Kuala Lumpur BUSINESS TIMES in English 18 Jul 87 p 2

[Text]

THE Umno Supreme Council yesterday appointed all the nine Menteri Besar and the Malacca Chief Minister as state party liaison chiefs — six being re-appointments and four, new appointments.

Education Minister Anwar Ibrahim who is an Umno vice-president is appointed Penang liaison chief replacing Datuk Abdullah Ahmad Badawi. Only in Penang, the liaison chief is not the chief executive of the state.

Datuk Seri Sanusi Junid was re-appointed secretary-general, Encik Daim Zainuddin treasurer-general and Senator Haji Hussein Ahmad, information chief.

These appointments as well as the appointment of seven nominated members to the Supreme Council were announced by Prime Minister and Umno president Datuk Seri Dr Mahathir Mohamad at a press conference following the Supreme Council's first meeting since the April party elections. The meeting, lasting about an hour, was held at Umno headquarters in Kuala Lumpur.

Besides Encik Anwar, the new state liaison chiefs are Datuk Haji Muhammad bin Muhammad Taib (Selangor), Haji Muhyiddin Yassin (Johore), Datuk Khalil Yaakob (Pahang) and Dr Hamid Pawanteh (Perlis).

They replace Datuk Haji Ahmad Razali Mohamed Ali (Selangor), Datuk Abdul Ajib Ahmad (Johore), Datuk Seri Mohamad Najib Tun Abdul Ra-

zak (Pahang) and Datuk Haji Ali Ahmad (Perlis).

The liaison chiefs re-appointed are Datuk Seri Osman Aroff (Kedah), Datuk Mohamad Yacob (Kelantan), Datuk Seri Ramli Ngah Talib (Perak), Datuk Seri Wan Mokhtar Ahmad (Terengganu), Datuk Mohamad Isa Abdul Samad (Negri Sembilan) and Datuk Seri Abdul Rahim Thamby Chik (Malacca).

Federal Territory Umno is headed by Deputy Prime Minister and Umno Deputy president Ghafar Baba.

Datuk Seri Dr Mahathir said it was normal practice for the party to appoint Menteri Besar as state liaison chiefs but this was not a rule and in certain circumstances, others were appointed.

The seven nominated Supreme Council members are Puan Napsiah Omar (Negri Sembilan), Datuk Mohamad Rahmat (Johore), Datuk Seri Ramli Ngah Talib (Perak), Encik Shahbuddin Mohamed Noor (Kelantan), Datuk Shamsuri Salleh (Penang), Datuk Haji Khalid Abdullah (Kedah) and Encik Mohamad Nor Mohamed Dom (Johore).

Eight new deputy state liaison chiefs appointed are Datuk Shaari Jusoh (Perlis), Datuk Dr Yusof Noor (Terengganu), Datuk Sabbaruddin Chik (Pahang), Haji Abdul Razak Samah (Federal Territory), Haji Khalid Yunus (Negri Sembilan), Datuk Nasir Manap (Malacca), Datuk Mohamad Rahmat (Johore) and Datuk Mohamad Ar-

shad Abdullah (Perak).

Datuk Seri Dr Mahathir also announced that the Supreme Council had approved the establishment of a Unity Bureau chaired by Puan Napsiah.

He said it was set up because Umno felt it is time political parties played a more active role in fostering unity in the country. The Government had all this while been the one to play this role.

Datuk Seri Dr Mahathir continues to hold the chairmanship of the political bureau while Encik Ghafar is re-appointed constitution and disciplinary committees chairman.

Other bureau and committee chairmen are Datuk Mohamad Rahmat (information), Datuk Abu Hassan Omar (international affairs), Encik Daim (finance and buildings), Datuk Sabbaruddin Chik (culture), Datin Paduka Rafidah Aziz (economic), Encik Anwar (education), Datuk Seri Najib (labour and youth), Datuk Wan Mokhtar (religion) and Datuk Seri Sanusi (agriculture and rural).

The Supreme Council members took their oath of loyalty and secrecy individually, unlike in the past where they took the oath in a group.

Datuk Seri Dr Mahathir said the meeting did not discuss other matters including the suit filed by the 12 Umno members to have the court declare the April elections invalid and the question of Umno's expansion to Sabah. — Bernama

DEPUTY PRIME MINISTER EXPLAINS FORMULA OF WEALTH DISTRIBUTION

Penang THE STAR in English 15 Jul 87 p 3

[Text]

KUALA LUMPUR, Tues. -- Deputy Prime Minister Ghafar Babu clarified today that he had discounted foreign capital participation in his recent statement on the fair distribution of the country's wealth.

He said he had not suggested that the non Malays be given economic rights of 50 per cent, including foreign capital participation.

His Press secretary, Encik Jalil Abdul Rahman in issuing the clarification, said Encik Ghafar fully understood that Malaysians of Chinese and Indian origin were not foreigners and there was no reason to include them in the "foreigners group".

He said that Encik Ghafar had once rejected a proposal by a businessman who suggested that Malays should enjoy economic rights of 50 per cent as Encik Ghafar realised that the country still needed the entry of foreign capital.

As such, Encik Ghafar felt that fair division of wealth among the Malays and non Malays could not be implemented if such a formula as the one proposed by the businessman was to be applied, said Encik Jalil.

He also said Encik Ghafar

was fully aware of the government policy that the entry of foreign capital to Malaysia was vital, even after 1990.

He said the recent statement by the Deputy Prime Minister was a repetition of one he had made several times before.

Encik Ghafar's statement was contained in his speech before he had a dialogue with bumiputra businessmen and entrepreneurs from the Federal Territory on June 27.

Encik Jalil said Encik Ghafar realised that equal division was only a rough estimate because he understood that the economy was constantly changing.

For example, he said, Encik Ghafar had stated in a speech on Feb 22 "My view is that after discounting foreign investment, the balance should be divided fairly among the Malays and non-Malays."

Encik Jalil said Encik Ghafar was aware that fair distribution of wealth had been the Government's policy since the days of the Alliance, as only with fairness could political stability be maintained and that the policy had been implemented after consultation with all in the party. ... Bernama

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CSO: 4200/822

UNEMPLOYMENT SEEN AS PROBLEM THAT WILL PERSIST

Penang THE STAR in English 20 Jul 87 p 10

[Text]

KUALA LUMPUR, Sun — The Government anticipated the current, large scale unemployment among graduates, a problem which will probably persist whether or not the national economy improves in coming years, former and current senior government officials say.

The Malaysian Institute of Economics Research foresees 50,000 unemployed graduates in 1990, up from the estimated 36,000 this year.

According to projections, even more students will be leaving institutions of higher learning each year and looking for jobs in the marketplace.

"Our education planners had anticipated that unemployment among graduates was bound to happen as we were churning out a supply which was fast exceeding demand," said former Education Minister Datuk Abdullah Ahmad Badawi.

Datuk Abdullah said in an interview that education planners had warned a few years ago that the problem, a common one in most developing nations, was booming. Two other inter-related factors, he said, also contributed to its intensity.

The country's economy, faced by all time low prices

for key commodities, took a tumble prompting the Government to reduce the size of the civil service, the largest employer of graduates.

Prime Minister Datuk Seri Dr Mahatir Mohamad had warned as early as in 1985 that the Government was no longer able to hire new staff, either from among school leavers or university graduates, or even consider a pay rise for civil servants.

He advised students not to be too dependent on the Government for jobs, a theme frequently being echoed by officials today.

The Government currently carries about 800,000 employees on its payroll although there are 1.2 million civil service posts. This leaves some 320,000 slots unfilled.

The private sector likewise had to either freeze hiring or trim existing staff, thus swelling the ranks of the unemployed graduates. Supply and demand, Datuk Abdullah noted, were thrown out of equilibrium, a situation which is unlikely to change in the foreseeable future.

Former director-general of the Economic Planning Unit (EPU) of the Prime Minister's Department, Tan Sri Radin Soetan, described the unemployment problems among graduates as a classic example of "new" problems being created as a result of the Government solving old ones.

He said recently that in the last few years before the economic recession set in, the Government, in response to demand, greatly increased the number of scholarships for students especially in overseas institutions.

"Now by solving the problem of a lack of scholarships, suddenly we are creating this new problem of graduate unemployment, which is made worse because we are caught in a recession," he added.

He remarked that throughout his almost 30 years in government service, one of the most com-

mon phenomena that cropped up was that "everytime we solve one problem, two or three new problems would arise."

"Even if the economy gets better in the end we still have to face unemployment among graduates," said Prof Khoo Kay Kim, Dean of History and Social Science at Universiti Malaya.

He said this was because of the attitude of graduates who seemed to be more interested in working for the Government than striking out into other labour markets.

Irrespective of such reasons, education analysts note that virtually all developing nations which have succeeded in establishing a system of higher education must sooner or later face the "graduate glut."

It has or is occurring in places like the Philippines, Thailand, India and Burma, but the problem tends to become more profound in Malaysia given its comparatively higher per capita income.

Currently there are 24,000 students in various universities in the country while another 50,000 are pursuing degrees abroad. By 1990, another 56,000 are projected to seek university education and 45,000 will be enrolled in diploma courses.

Datuk Abdullah said planners had always acted responsively to various manpower needs and continued to do so. The number of graduates to be produced, including Public Services Department (PSD) and MARA scholars, were only determined after careful research, he said.

The former Minister, who is an Umno vice president, said manpower planning usually precedes education planning. He stressed that education plans should not be confined to catering for manpower needs alone since learning is a basic and vital human need important in itself.

"Graduates should not see themselves as a special and privileged group for whom the Government should sideline the interests of thousand of other unemployed," said Education Minister Anwar Ibrahim.

The Economics Research Institute expects some 600,000 people to be out of jobs next year, of whom only about 10 per cent will be graduates.

Selangor Graduates Society president Gurnit Singh said graduates had no choice at the moment but to lower their job expectations.

"There are no shortcuts here," he advised. "Start from scratch. Worst comes to worst, hit hawker street to start small time businesses."

Many have suggested that graduates need to study current employment needs before embarking on their courses of studies.

Others, including Universiti Utara Malaysia Vice-Chancellor Prof. Tan Sri Awang Had Salleh, said the country must now produce not only academically prepared graduates but also those well versed in technical skills. Prof. Khoo suggested the establishment of more polytechnic schools.

Bernama

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CSO: 4200/823

GOVERNMENT GRANTS LICENSES TO SEVEN FOREIGN BANKS

Sydney THE AUSTRALIAN in English 23 Jul 87 p 15

[Article by Dai Hayward]

[Text]

NEW YORK: Five of the 10 largest banks in the United States yesterday announced second-quarter losses linked to earlier decisions to increase reserves against possible losses from Third World debt.

The biggest, Citicorp, said its loss for the June quarter was \$1.58 billion (\$1.6 billion), a result of its decision this year to add to its reserves against Third World losses.

Citicorp's first-half loss was \$1.22 billion.

It had a second-quarter profit last year of \$1.235 billion and a first-half profit of \$505 million.

Its loss should be reduced to \$1.51 billion for the year, it said.

Manufacturers Hanover re-

ported a loss of \$1.544 billion compared to a profit of \$1.519 billion in the corresponding quarter last year.

Bankers Trust New York Corp lost \$1.534 billion, against last year's profit of \$1.104.2 million.

First Interstate Bank Corp lost \$1.409.2 million and Wells Fargo \$1.291.7 million.

The American Express Bank, the financial arm of the American Express Co, lost \$485 million, dragging the parent into the red with a loss of \$1.48 million.

Citicorp announced in May that it would increase its reserves by \$1.83 billion to \$1.519 billion to cover Third World debts.

Many big US banks followed this lead.

Agence France-Presse

THE New Zealand Government yesterday granted full banking licences to the National Australia Bank Ltd (NAB) and Macquarie Bank Ltd.

They join two other Australian-based banks operating in New Zealand, the Westpac Banking Corp and the ANZ Banking Group Ltd.

Five other foreign banks were also given licences yesterday - one each from the United States, Britain, Canada, Hong Kong and France.

An NZ company was also granted a full banking licence.

The applicants were registered as banks yesterday afternoon.

They may start business immediately.

The NAB licence was granted to its 74 per cent-owned subsidiary, the Broadbank Corp Ltd.

Broadbank would begin operating as a trading bank early next year, the NAB's deputy chief executive, Mr Bill Hodgson, said in Melbourne.

The move would be an important element in the bank's

global strategy and strengthen NAB's trans-Tasman banking connection, he said.

The assets of the bank's various operations in New Zealand totalled \$1.25 billion, he said.

Broadbank's 37 offices provided the base for significant expansion.

New Zealand has four full banking operations - the ANZ, Westpac, the Bank of New Zealand and the National Bank of New Zealand Ltd.

The other new licensees are

NZ Financial Corp Ltd, Citibank NA, Hong Kong and Shanghai Banking Corp, Barclays New Zealand Ltd, Indusuez NZ Ltd and Canadian-based CIBC NZ Ltd.

Warning

The decision to allow more banks to operate in New Zealand was announced by the NZ Minister of Finance, Mr Roger Douglas, in November 1985.

The necessary legislation was introduced into Parliament a year ago.

Applications were made to the NZ Reserve Bank on April 1.

The Governor of the NZ Reserve Bank, Mr Spencer Russell, said yesterday that the entrants would bring greater competition and experience, which would benefit the New Zealand banking system.

Entrants who have strong connections with the NZ finance sector are expected to be in operation within a few days. Others will take months.

The criteria for receiving registration were:

A MINIMUM capital base of \$NZ30 million (\$25 million), of which \$NZ15 million was paid up.

PROVEN banking expertise with a willingness and capacity to make a positive contribution to the development of

the NZ financial sector.

SUBSTANTIAL business in deposit and lending functions for good standing in the financial community.

At least two of the banks are expected to operate in the retail sector.

These include the NAB's Broadbank, which has an extensive network of branches and a large retail base.

The Reserve has told entrants it will open a settlement account for any bank, provided it is part of a NZ-recognised clearing arrangement.

The four existing trading banks operate Databank as their clearing house.

The NZ Bankers Association has said it will open its clearing system to newcomers.

Mr Douglas has warned any bank applying to operate in New Zealand that it will be on its own.

There would be "no safety net" provided by the Government for failures.

Some other institutions, within New Zealand and overseas, have expressed interest or intention to apply for full banking status, but have not lodged formal applications.

These include the NZ trustee banks and the two major building societies, Countrywide and United.

However, further changes to the legislation are required before they can operate as banks.

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CSO: 4200/814

EXPORT EARNINGS SURPLUS REPORTED

Auckland THE NEW ZEALAND HERALD in English 23 Jul 87 p 1

[Text]

Rising export prices for meat, wool and skins have given New Zealand its first surplus of exports over imports in a June trade year for four years.

But statistics released last night show that the progressive devaluation of the Australian dollar in the past year has reversed New Zealand's short-lived advantage in trans-Tasman trade.

New Zealand exports to Australia have dropped by 2 per cent, from \$1020 million to \$1795 million, as local manufacturers have been priced out of the Australian market by the exchange rate.

Conversely, Australian manufacturers have been able to penetrate the New Zealand market and boost their sales in this country by 22 per cent, from \$1737 million to \$2122 million.

Australia has regained the trading ratio of about 1.18 to 1 in its favour which it held before the devaluation of the New Zealand dollar in 1984.

Up 11 pc

However, despite this, New Zealand exports to the world as a whole have in-

creased in the latest year by 11.6 per cent to \$12,115 million.

Imports have risen by only 2.9 per cent to \$11,797 million, producing a surplus of exports over imports of \$318 million.

In the previous trade year up to June 1986 there was a trade deficit of \$895 million.

These figures are based on merchandise trade only. Full balance of payments figures including "invisible" payments, such as interest on the national debt, which are still in deficit, will not be published until August 1.

Wool

The biggest single source of increased export income has come from wool — up 31 per cent to \$2217 million. This reflects both higher prices and the effect of the wool industry stoppage in 1985/86.

Other big increases have been notched up from wool (up 22 per cent to \$1087 million), horticulture (up 31 per cent to \$621 million), fish (up 41 per cent to \$701 million) and hides and skins (up 63 per cent to \$689 million).

Earnings from dairy produce registered a more modest improvement of 2

per cent to \$1018 million.

Exports to China almost doubled from \$230 million to \$426 million, largely because of big wool purchases. China is now New Zealand's fifth biggest customer.

A favourable exchange rate against Japan helped exports to that country to grow by 19 per cent to \$1821 million, just behind the United States, still the country's biggest customer, with \$1918 million (up 12 per cent).

Imports

On the other side of the ledger, the small rise in imports in the latest year is the first for more than a year, reversing a decline in imports caused by reduced purchases of oil after the opening of the synthetic petrol plant in Taranaki.

Even in the latest June year imports of petroleum oils other than crude were down by two-thirds, from \$1070 million to \$350 million.

Other imports actually increased by 11 per cent, reflecting the strong exchange rate against Australia and the gradual removal of import protection.

Surveys of import orders suggest that imports are

continuing to rise, threatening to reverse the recent improvement in the balance of payments.

After improving rapidly from a deficit of \$397 million in the calendar year 1986 to a surplus of \$337 million in the year up to April, the merchandise trade balance has slipped back slightly to a surplus of

only \$302 million in the May year and now \$318 million.

These figures include the cost of freight and insurance in bringing imports to New Zealand. Excluding these, the merchandise trade balance has recently been in surplus by around \$1 billion.

TRADING TRENDS

Year ended in:	Change in Exports (per cent)	Change in Imports (per cent)	Exchange rate (trade-weighted index)
June 1984	- 8.7	-19.8	78.4
June 1985	-31.2	-38.3	62.7
June 1986	- 8.6	- 8.1	67.3
Sept 1986	- 6.0	- 8.1	65.7
Dec 1986	- 3.3	- 3.8	61.2
Mar 1987	- 6.5	- 6.8	61.6
June 1987	-11.6	- 2.9	64.2

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CSO: 4200/814

CER IMPORTS KEEP FOOD PRICES DOWN, UNEMPLOYMENT UP

Auckland THE NEW ZEALAND HERALD in English 9 Jul 87 p 4

[Text]

Increased competition from Australian imports appear to have sparked a price-cutting war which has kept food prices down in the latest monthly statistics.

Food prices increased by only 0.5 per cent in June, the lowest rise since February.

Processed vegetable prices fell by 0.5 per cent, and there were cuts of 0.1 per cent in average prices of sweets, potato chips and peanuts, soft drinks, fruit juices and ices, and fish.

In all cases except fish, the price cuts have been forced on local producers by increased access for Australian imports under the closer economic relations treaty.

Eggs Exception

The general manager of the Wattie consumer foods division, Mr Alister Bowes, said "intense competition" from rival suppliers had already forced Wattie to cut costs by laying off 380 people at its Hastings and Gisborne factories.

"While it is good news for consumers, it means that it puts pressure on employment," he said.

However, the price of eggs continued to rise in June, by a further 1.3 per cent, taking the increase for the past year to 26 per cent. This follows removal of price control on eggs on April 1 last year.

There were also increases of more than 1 per cent in June in the prices of takeaways and fresh fruit and vegetables, including higher prices for apples and oranges.

Over the full three months from April to June, food prices have risen by 2.2 per cent, following a rise of only 0.5 per cent in the previous quarter.

But economists believe that the apparent acceleration in inflation in the latest quarter is distorted by the effects of the weather on fresh produce prices.

Good Sign

An economist for the Berl consulting group, Mr Kel Sanderson, said that over the past eight months, since the peak caused by the new goods and services tax, the

rate of food price inflation on an annual basis had been only 5.1 per cent.

This is believed to augur well for the full consumers price index for the June quarter, which will be released on Tuesday or Wednesday next week.

Berl expects a figure of 2.15 per cent for the quarter, making the inflation rate for the year 17.7 per cent.

Interest Rates

As well as the 2.2 per cent food price increase, the June quarter will include the effects of an increase in power prices averaging around 10 per cent on April 1, half of the effect of a 10 per cent on April 1, half of the effect of a 10 per cent petrol price increase in February and the last effects of GST, on winter clothing and winter sports subscriptions.

Altogether, these items alone will add about 1 per cent by September, 7.6 per index. Most analysts expect that the overall rise in the

index will be between 2 and 2.5 per cent.

By Berl believes this will be the last quarter in which prices rise by more than 2 per cent. The inflation rates for years up to each month is forecast to fall to 15.7 per cent by September, 7.6 per cent by December after the effect of GST leaves the system, and 6.6 per cent by next March.

Mr Sanderson believes that inflation could fall even further if the Government allowed interest rates to decline, instead of using the Reserve Bank to hold them high.

An inflation rate of 3 to 4 per cent, the objective stated in the Labour Party economic policy this week, was "potentially achievable by early next year" if interest rates fall rapidly, Mr Sanderson said.

Interest rates are a major factor in the housing, motor vehicles, television rental and hire-purchase components of the consumers price index.

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CSO: 4200/814

WHEAT SUBSIDY REPORTED, OPPOSITION REACTS

Auckland THE NEW ZEALAND HERALD in English 25 Jul 87 p 6

[Text]

NZPA Wellington

The Government's decision to pay \$25 a tonne to wheat growers was a ploy to keep the price of bread down, the Opposition spokesman on consumer affairs, Mr Roger Maxwell, said yesterday.

The Government has agreed to make a one-off payment to the wheat industry of \$25 a tonne from the 1987 harvest. Mr Maxwell charged that the sudden subsidy was designed to keep down the last major price index due out before the August 15 election.

He said: "The food price index which would have been pushed up by a proposed 7c rise in the price of bread is due out at the end of the first week in August."

Mr Maxwell also said the Government had been slow to act on requests for a milk price rise. The rise would be delayed until after the election and would result in the cost of a 600ml bottle of milk going up 10c.

Introducing a subsidy for wheat farmers was designed to protect the Government's political skin — not the farmers, he said.

Meanwhile, the decision has delighted the chairman of the United Wheat-growers, Mr Mervyn Gray.

The decision will see an \$8.4 million payout on the 336,000 tonnes of wheat harvested.

Since deregulation and the subsequent dumping of Australian wheat on the New Zealand market, the plight of the wheat growers had been a sorry one, Mr Gray said.

In May, the Emergency Protection Authority recommended a bounty payment on exports of wheat, but the Government rejected this.

Since then discussions had continued to find an acceptable form of transitional help, and the subsidy announced was better than had been hoped for.

"We are very pleased," Mr Gray said. "Farmers grew their crops last year not realising the disastrous effects deregulation would have on the wheat industry."

A payment of \$25 a tonne went some way towards balancing the farmers' books.

But the situation facing farmers for the coming season had not improved, he said. "They realise they will have to face the reality of a free market."

CUBA-MAORI CRAYFISH CONNECTION SUGGESTED

Auckland THE NEW ZEALAND HERALD in English 10 Jul 87 p 1

[Text]

Cuban expertise could be used to fight unemployment in Northland — via a French connection.

The unusual link comes from efforts by the leader of the Manu Motuhake Party, Mr Matiu Rata, who has been looking at ways of diversifying Northland's fishing industry.

During the visit of French explorer Jaques Cousteau's ship Calypso earlier this year Mr Rata inquired about raising saltwater crayfish in captivity.

He has now received a letter from the Cousteau Society offering Cuban help.

After checking out the artificial crayfish-raising technology of several nations the society decided that Cuba was the most advanced in the field.

Mr Rata said he had not had any direct contact with the Cubans. However, the Cousteau Society had received a positive response from Cuba when it asked if it would help northern Maori people in their fisheries expansion programme.

The next step will be to ask the society to put him in touch with the Cubans, who have successfully pioneered artificial saltwater crayfish-raising.

Meanwhile, Mr Rata says a recent trip to view fresh water crayfish farming in Australia has also given him plenty of constructive ideas for fighting unemployment in the Far North.

"I was impressed by what they do with a little creature like the koura, which used to live in our farm creeks," he said.

But it was as much the tourism that went with the venture as the five muddy ponds, each containing a potential \$1 million worth of crayfish, that intrigued him.

Walkways around the ponds and a restaurant drew busloads of people. Finance for further development was raised by selling shares in the venture to tourists who were impressed by it.

Mr Rata says the fishing industry in Northland has a good future if it can be attached to the tourist industry.

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CSO: 4200/814

EDITORIAL VIEWS POST OFFICE LIMITS ON COMPETITION

Auckland THE NEW ZEALAND HERALD in English 10 Jul 87 p 6

[Editorial: "Competition, NZ Post-style"]

[Text]

"Give me chastity . . ." St Augustine said in an oft-quoted historic phrase, "but do not give it yet." Sixteen hundred years later, in the Age of Rogernomics, New Zealand Post echoes the saint in saying, in effect, "Give us competition — but do not give it yet."

Private couriers, confirms the Postmaster-General, Mr Hunt, will be generously allowed from January 1 to deliver within the law letters and other items weighing less than 500g *provided* they charge no less than \$1.75 for the service. And the restriction, it seems, may last two years while a Trade and Industry Department study on postal deliveries grinds along on its ponderous way.

A New Zealand Post mana-

ger agrees that the concession will not allow any real competition with his organisation's general delivery service. Those who thought that competition was the name of the new game might be excused from wondering just why such a piffling easing of the restraints of the Post Office Act 1959 will be made at all, if competitors are to have their hands tied.

New Zealand Post's rationale is that profitable city deliveries subsidise loss-making rural services. Yet corporatisation was designed to change that, not necessarily by removing subsidies but by identifying them, evaluating them and charging them, if socially desirable, against the taxpayer. Has New Zealand Post got the message?

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CS0: 4200/814

EDITORIAL CRITICIZES 'MUDDLED FOREIGN POLICY'

HK171231 Manila THE MANILA CHRONICLE in English 14 Aug 87 p 4

[Editorial: "Our Muddled Foreign Policy"]

[Text] The diplomatic faux pas on the country's one-China policy is but a manifestation of the lack of direction in our foreign relations. About the only foreign relations we have which appear to be stable are those with the United States, not because of a national policy but because the United States has been a very scrupulous guardian of its own interest and has seen to it that we do not exercise our own independent options.

The Aquino government's faux pas on China is analogous to the diplomatic mess connected with the importation of sardines from South Africa during the Macapagal administration. Despite a ban on imports from South Africa as a gesture of solidarity with the rest of the international community on the issue of apartheid, the Philippines was caught with a fait accompli on the sardines issue.

The error on the China question has been described by Senator Leticia Shahani, an experienced hand in diplomacy, as "carelessness." It is more than that.

The fact is that despite a standing agreement with the People's Republic of China that we hew to the one-China line, we continue to flirt with Taiwan, maintaining in fact semi-official, highly ambiguous relations with it. The visit of Vice President Salvador Laurel to Taipei, the lapse in President Aquino's remarks referring to Taiwan as the Republic of China, the recent exodus of then senators-elect supposedly to observe agrarian reform in Taiwan, and the official welcome extended to Taiwanese officials who visited the Philippines--all these derived from basic ambiguities in our relationship with both the People's Republic of China and the Taiwan Government.

Similar ambiguities exist in our relations with other countries. The reason is simple: We do not have a comprehensive concept of foreign relations and, as history will bear us out, we are more dependent on the advice and counsel of the United States.

The United States, as the late Senator Claro M. Recto never tired of pointing out, has its own concerns and interests to promote. We cannot begrudge the

U.S. Government for that, nor for pressing its advantages at every possible occasion and venue. Being aware of this we should be compelled to define our own concerns and interests. If the lapdog stance we have in relation to the U.S. derives, as is usually alleged, from the inertia of our history of dependence with that country, then it is time to reassess our position, especially now when a number of issues arising precisely from that history of relationship are bound to be examined--as on the bases issue.

It is not enough that we take pride in the international popularity some Filipinos, such as the late Carlos P. Romulo, Ramon Magsaysay, and Mrs Corazon C. Aquino, have achieved. These are incidents of history; a more substantive accomplishment would be our ability to show in the community of nations our capacity for independent and mature decisions as befits a sovereign power.

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CSO: 4200/816

CONFUSION BETWEEN PALACE, MILITARY OVER AMNESTY

Palace Conflicting Statements

HK191333 Manila PHILIPPINE DAILY INQUIRER in English 19 Aug 87 pp 1, 10

[Text] The military will launch an all-out war against communist and Muslim insurgents starting next week, unless President Aquino clears up a confusion at Malacanang and declares an extension of the amnesty program beyond 28 August.

Defense Secretary Rafael Iloilo confirmed an earlier statement by General Fidel Ramos, armed forces chief of staff, that troops will attack known rebel strongholds once the amnesty program of the government expires.

But Chita Quiyab, an official of the national rehabilitation and development program, said the president had signed a proclamation last week extending the amnesty period up to February.

She said her office received a copy of the proclamation last Friday. But Malacanang officials, including President Aquino herself, had issued conflicting statements.

Danilo Gozo, assistant press secretary, said yesterday that Ms Aquino had taken no action yet on the recommendation to extend the amnesty program for another 6 months because she still has to receive a recommendation from the military.

Last week, Ms Aquino herself had told palace reporters that she had signed the extension. Executive Secretary Joker Arroyo said she had done so the previous week.

But an official in Arroyo's office said she was unaware of such an extension.

The military and defense establishments also appear to be unaware of such an extension, and unless the confusion is cleared, they will start firing next week.

Proclamation No 138 Cited

HK191253 Quezon City Sports Radio 738 in English 1100 GMT 19 Aug 87

[Text] President Aquino has extended the deadline for the filing of application for amnesty by 6 months starting 31 August. The 6 month extension was contained in Proclamation No 138.

On the other hand, Defense Secretary Rafael Ileto said there was no contradiction between the extension of the amnesty proclamation and the AFP's [Armed forces of the Philippines] pronounced offensive.

Further Details

HK190805 Hong Kong AFP in English 0758 GMT 19 Aug 87

[Text] Manila, 19 August (AFP)--President Corazon Aquino has extended an amnesty for rebels by 6 months but military offensives against communist guerrillas will continue. Defense Secretary Rafael Ileto said here Wednesday.

Mr Ileto said 800 regulars of the 23,000-strong communist New People's Army (NPA) had surrendered since the amnesty began in March after a ceasefire with the leftist insurgents broke down.

The announcement of the extension came amid press reports that the military was preparing to launch fresh offensives against the NPA unless Mrs Aquino extended the amnesty beyond its deadline at the end of this month.

Mr Ileto said there was "no connection between attack and amnesty" and that the military would continue its policy of attacking rebel hardliners while welcoming those who surrender.

Under the government's National Rehabilitation and Development Programme, rebels and their sympathizers are offered amnesty as well as job training and placements to help ease them back into civilian life.

The government believes few rebels are hardcore Marxist ideologues and that most can be won back with the promise of a better life.

Alice Villadolid, a spokesman for the program, told AGENCE FRANCE-PRESSE that 1,300 guerrillas, 3,000 militia and 8,000 sympathizers of the NPA had applied for amnesty in government reception centres nationwide.

Mr Ileto's figure of 800 regulars apparently referred to those who had been formally granted amnesty after a processing period. He said the rebels had surrendered between 400 and 500 firearms.

"The amnesty was extended because there are still a number of people coming in," Mrs Villadolid said.

The defence secretary supported claims by the military that it had reversed the trend of the communist insurgency, particularly in the southern island of Mindanao, and that rebels were "decreasing in number and effectiveness."

The military last month said NPA regulars totalled about 23,260, down from a peak of 24,500 last year.

"We have recovered as of this year," said Mr Ileto, who was speaking after a regular cabinet meeting on regional development programmes.

He said rebel ranks were thinning at a rate of 3 to 4 percent annually compared with the 1986 total.

Mr Ileto repeated his request for higher defence spending from congress, saying that in 1970's, when the NPA threat was much smaller, defence accounted for 22 percent of the national budget, compared with the current 7.2 percent.

Deposed President Ferdinand Marcos ruled by martial law from 1972 to 1981.

No separate figures were available for Moslem separatist rebels taking advantage of the amnesty, but their numbers are far smaller, sources said. A ceasefire with the government had held since September last year.

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CSO: 4200/816

LEGISLATORS TO SIT IN NATIONAL SECURITY COUNCIL

HK171315 Manila THE MANILA CHRONICLE in English 15 Aug 87 p 6

[By staff member Romina de los Reyes]

[Text] President Aquino said yesterday that the National Security Council [NSC] will be reconvened soon with members of Congress sitting in it as part of the government's efforts to control criminality and the insurgency problem.

Mrs Aquino, answering questions on the peace and order situation from the Malacanang Press Corps, said that Emanuel Soriano, director of the NSC, has prepared "all the matters relevant" to the reconvening of the NSC and that she was agreeable to having Bipartisan congress representation in the NSC.

The present NSC is chairmanned by Mrs Aquino and has as members AFP [Armed Forces of the Philippines] Chief of Staff General Fidel V. Ramos, Defense Secretary Rafael Ilete, top military commanders and cabinet members. The NSC had been set up to cope with immediate threats to national security.

Mrs Aquino also said that, unlike Ferdinand Marcos, she will never use her emergency powers to cope with threats to her government because of her strong commitment to democracy.

She also defended herself from accusations of weak leadership arising from the recent surge of terrorist activities, saying that the previous government had "ignored" the law in coping with such threats and that she was not ready "to sacrifice what my husband died for simply because people want things done faster."

Mrs Aquino also responded to remarks by opposition Senator Juan Ponce Enrile that she may use emergency powers, pointing out Enrile's record during Marcos regime.

Mrs Aquino also defended the setting up of checkpoints in metro Manila, saying this was for the good of the citizenry. Should there be any abuses committed by those manning the checkpoints, she said, this should be reported at once to her so she could do something about it.

She said Qapcom Chief Brigadier General Alexander Aguirre had assured her that extending to the amnesty would encourage more people to turn in loose firearms and perhaps have them properly licensed.

She also said she had signed last week the proclamation extending the deadline for the availment of amnesty by insurgents. She said she was confident many rebels still want to return to the folds of the law.

As for deposed President Marcos's return here, she said would allow it "when things are stable here and when I see that his coming back will no longer be a matter of concern to most Filipinos."

She said she did not think not allowing Marcos' return here now was a violation of his human rights because as president, she had to consider always the "greater interest of the Filipino people."

She said Marcos was "just one of many Filipinos" and recalled that it was he who "had made life that much harder for all of us and deprived us of most of our liberties."

She also said she was still not wearing a bullet-proof vest despite the recent killings. "Kung hindi, pinawisan na ako ngayon [Otherwise, I would be seating by now]. I've never worn one," she said.

She said she has even told Senate President Jovito Salona and Speaker Ramon Mitra to ask their colleagues in congress to stop at the checkpoints and allow their vehicles to be inspected so they would set a good example. Cabinet members have also been advised the same, she said, "para lahat ay parepareho ang trato at para walang magrereklamo [in order for all to have equal treatment and to avoid complaints]."

Mrs Aquino answered Enrile's allegation that the government had no legal basis to search civilians without any warrants.

"Can you imagine issuing thousands of search warrants?" she said.

Then she followed it up with, "We should ask Senator Ponce Enrile how it was done before... maybe I can have some help on this matter."

Asked if she considered Enrile a threat to her government, she first wished him well then said she hoped he would "help us in nation rebuilding."

As for the still unsolved murder cases, she said the government was doing its "very best" and that "we do respect the law" but that it was not a sign of weak leadership."

She also said she did not think there was any contradiction between her recent order to crack down on loose firearms and the extension of the amnesty for turning in loose firearms.

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CSO: 4200/816

MAN IN STREET 'DISAPPOINTED' OVER ENRILE RULING

Manila PHILIPPINE DAILY INQUIRER in English 14 Aug 87 p 4

[Editorial: "Court misses the point"]

[Text]

PEOPLE who had expected the Supreme Court to correct the injustice done to Augusto Sanchez were badly disappointed when the tribunal instead decided to order the Commission on Elections to proclaim Juan Ponce Enrile, effectively shutting the former labor minister out of the contest for the final slot in the Senate.

True, the high tribunal had merely abided by the letter of the law and the information relayed to it when it handed down its final pronouncement on the Sanchez-Enrile-Rasul cases Wednesday.

Perhaps, the inclusion of yet another oppositionist in the Senate should placate for the moment certain rightwing anti-government forces whose capacity to destabilize the administration of President Aquino is linked to the so-called "defense establishment" that Enrile for a long time had headed.

Certainly, the decision establishes a precedent that should affect the outcome of all the other pending electoral protests and finally permit the legislature to become fully constituted (apart from the 21 other sectoral congressmen who have yet to be appointed by the President).

But as far as the man in the street is concerned the Supreme Court has done nothing to rectify the grave wrong done to Sanchez when some bungling functionaries in the Comelec failed to alert precinct canvassers of the disqualification of the former labor minister's namesake as a nuisance candidate.

It was this fact, which the poll body has not disputed, that made millions of Filipinos believe that Sanchez had been robbed of a seat in the Senate. And as far as many people are concerned, the Supreme Court -- by handing down a decision that fully ignored this all too obvious "error"-- has allowed itself to become a party to the injustice against Sanchez.

Of course, Sanchez still has the option to bring his case to the Senate Electoral Tribunal, as the Supreme Court has advised. That is if he still has the material resources, the stamina and the will to pursue the matter any further. But from the evident abandonment of Sanchez even by many of his own so-called runningmates in the ruling coalition who are now comfortably installed as distinguished members of the Senate, there is little cause for him -- or anyone else for that matter -- to feel optimistic that his case could ever prosper before that forum.

Those groups who have succeeded in denying Sanchez a seat in the Senate have committed a grave injustice not just against the man, but -- more important -- to the millions of Filipinos who had voted for him. We can only imagine how the behavior of the Comelec and the Supreme Court on the Sanchez case has made those same millions that much more cynical about our so-called democracy.

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CSO: 4200/824

COLUMNIST HITS ONGPIN, FERNANDEZ, COMELEC

Manila PHILIPPINE DAILY INQUIRER in English 13 Aug 87 p 5

[Article in the "Political Tidbits" column by Belinda Olivares-Cunanan: "Pitfalls of local elections"]

[Excerpt]

IF WE are to make any solid headway in our recovery program, our best chance would be to get better terms and conditions from our creditor banks and the governments backing them up. This would mean a fresh, more dynamic and creative approach to the foreign debt problem than what Messrs. Ongpin and Fernandez have so far demonstrated. Which perhaps means they should be replaced with people who can do the job better.

Ongpin and Fernandez are not indispensable to the country. They negotiate as agents of this country and its president, and not on their own merits. If tomorrow they were replaced, the creditors would still talk to their replacements, for what matters is not the agents but the country and the President backing them up.

...

A doctor-friend rightly pointed out that the solution of our foreign debt problem is intricately tied up with the success of our agrarian reform program and the community development and employment program, both of which are urgently needed to quell the massive restiveness in the countryside. He reasons out that for as long as we are unable to substantially reduce the debt-service ratio, which today eats up as much as 40 percent of our export receipts, we will not have enough left to fund these urgent pump-priming programs in the countryside.

Along this line, the UP Faculty Organization (UPFO) has reasoned with President Aquino in a recent letter that "if our foreign creditors could but grant us a year's moratorium on our debt service (about \$3 billion

yearly), the entire cost of the land reform package could be totally funded, instead of being spread out over a 10-year period."

Clearly what are needed are creative solutions to the debt problem, but these are apparently beyond the skills demonstrated by our present negotiators. Let's have a fresh team of finance technocrats and politician-statesmen who can argue from the head as well as the heart, with statistics as well as blood-and-guts issues.

...

The foreign banks should be made to realize that they are as much to blame for the foreign debt mess we are in as ourselves. After all, they practically shoved many of those foreign loans down our throats in the decade when they were all awash with petrodollars from the Middle East trillionaires. For instance, it is now common knowledge that the US Export-Import Bank (Eximbank) lured us into getting that half-a-billion dollar loan to get the ill-fated Bataan nuclear plant started, processing the loan in the record time of *nine days*. That loan also represented the biggest single loan given out by Eximbank, at least up to that time.

Many of these banks and their governments were aware that some of those loans never reached the Philippines, but were diverted to private accounts in various countries (of course they had to know, they facilitated the transfers). And yet they approved and released loan after loan -- it was clearly a policy of letting this country hang itself by the neck, with them pulling the rope. Our negotiators should dish out this kind of tough talk. As we say in Pilipino, *dapat ipamukha ito sa kanila ngayon*.

* * *

In a recent survey among senators, it turned out that 11 were against the postponement of the local elections, 10 were in favor of postponement, and two abstained due to ambivalent feelings. This issue is a damn-if-you-do, damn-if-you-don't type of situation. On the one hand there is the manifest declaration by Chairman Felipe that the Comelec may not be able to do the job of supervising the coming local elections, and judging from its shabby May 11 performance there is every reason to believe this. If the Enrile-Sanchez case prospers and recounts are undertaken, this means the ballot boxes would be tied up and ordering new ones would not only cause delay but also some P50 million which Comelec doesn't have.

On the other hand, if elections are postponed to say, early next year -- the term of the Comelec commissioners would be ending by Feb. 2 -- it might be too much to ask brand-new commissioners to handle it. The most sensible plan, as far as the Comelec is concerned, may be to postpone the election to May, by which time the new commissioners would have already learned the ropes. But this would mean delaying the installation of permanent local governments and already the continued presence of OICs is wreaking havoc on the delivery system at the local level, exacerbating the restiveness at the grassroots.

* * *

Much of the dilemma of the Comelec, and of the whole bureaucracy for that matter, lies in the failure of government to recognize the need for professional managers. For an institution such as the Comelec demands first and foremost administrative and management ability. Let us have more professional managers at the helm of the various bureaucratic levels and less political appointees.

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CSO: 4200/824

MILF LEADER DISCUSSES POSSIBLE NPA ALLIANCE

HK181243 Manila THE MANILA TIMES in English 18 Aug 87 p 3

[By correspondent Soliman de Jesus]

[Text] Cotabata City--The Moro Islamic Liberation Front (MILF) will not close its door entirely to the possibility of an alliance, whether strategic or tactical, with the New People's Army military wing of the Communist Party of the Philippines, a top ranking revolutionary leader disclosed.

MILF Vice-Chairman for Military Affairs Al Haj Murad quoted MILF Chairman Hashim Salamat of the MILF Central Committee on a possible alliance between the MILF and the Communist-led NPA.

Murad stressed, however, that there is no formal alliance yet between the two armed groups.

The main reason for the MILF to have tieups with the NPA, Murad explained, is that if "insincerity and treachery of the government."

Earlier, MILF Chairman Hashim Slaamat, in a paper read before the 13th Islamic Conference held in Niamey, Niger, said "Although the new MLNF (now MILF) is not communist-oriented and has never been inclined to communism, it may be forced by circumstances to cooperate with the NPA should Bangsa Moro problem remain unsolved to their satisfaction."

On recent reports that the MLNF, the MILF and the MNLF-Reformist have joined forces, Murad said there has been no concrete understanding to that effect, although, he added, "We, the various Bangsa Moro factions, have created a committee to look into problems affecting our groups and patching up these problems."

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cSO: 4200/816

SUBIC VISIT BY USS MISSOURI DENOUNCED

HK 191227 Quezon City MALAYA in English 19 Aug 87 p 1

[By Ellen Tordesillas]

[Text] Anti-nuclear weapons advocates yesterday denounced the government for allegedly dragging the country into other countries' war by allowing the battleship USS Missouri into Philippine territory.

Reverend Elmo Manapat, secretary general of the Nuclear-Free Philippines Coalition (NFFC), said the USS Missouri, which is expected in Subic Naval Base today, is reported to be on its way to the Persian Gulf, to protect Kuwaiti tankers bearing the U.S. flag from Iranian threats.

NFFC researchers said the USS Missouri is equipped with Tomahawk cruise missiles. The Tomahawk has a W-30 nuclear warhead with a yield of about 200 kilotons, about 15 times the yield of the bomb that was dropped in Hiroshima, Japan during World War II.

Manapat said the USS Missouri has about 32 to 60 missiles on board, although the U.S. Government refuses to confirm or deny the presence of nuclear weapons on its ships.

"The U.S. intends to escalate the war in the Persian Gulf by provoking Iran into attacking ships bearing the American flag," Manapat said.

"By allowing the USS Missouri to dock in Philippine territory, we are allowing ourselves to be dragged into a conflict that we have no business being part of," Manapat said.

Frank Arcellana, No-Nukes president, said, "For the nth time, we would like to appeal to President Aquino to enforce the state policy of freedom from nuclear weapons."

The new constitution prohibits the presence of nuclear weapons in Philippine territory.

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CSO: 4200/816

COLUMNIST SAYS GOVERNMENT DOES NOT CLAIM BASE RENT

Manila PHILIPPINE DAILY INQUIRER in English 10 Aug 87 p 4

[Article in the "Postscript" Column by Federico D. Pascual, Jr.: "Why RP doesn't demand base rent"]

[Text]

IF THE DOLLARS we receive from the United States for its unhampered use of Philippine bases is indeed rent as we loudly insist, how come we didn't clearly say so in the bases agreements that we've signed with the US?

Many of our officials make a lot of noise about demanding rent, but when they sit down for the hard bargaining they come out of the room seemingly convinced we'll be all right with plain old US aid.

How come the Philippine government doesn't publicly and officially say that it considers base payments as rent?

• • •
We'll go back to that question later.

In Washington DC, meanwhile, US State Secretary George Shultz has been quoted again as saying that the US does not intend to pay us rent, but merely to do its best to work out some foreign aid through legislation.

Shultz told a US Senate appropriations subcommittee that "the concept we want is...these bases serve the interest of the host country as well as ours." The concept of rent, he said, does not fit an arrangement of mutual or common defense.

While the US government can talk openly and officially that way, our government cannot. Why?

• • •
Sources who were in previous negotiations with the Americans have told us that the Philippine panel had tried to push the idea of rent for the bases.

The American panel, as expected, resisted -- resulting in a deadlock. The discussion was then steered to considering a so-

called compensation package which the US interpreted as aid being committed on a best-effort basis.

Even with its proposed compensation, the US could not make a firm commitment. It had to be on a best-effort basis because while we were negotiating with the executive department, the money would have to be made available through Congress.

• • •
Why didn't the Philippine negotiators, then under the wings of Ambassador Kokoy Romualdez, insist on rent instead of aid even at the risk of a stalemate?

Our source said the US panel stood firm and then President Marcos wanted badly -- for some reason -- to conclude the bases talks and be able to show something.

So the Philippine panel reluctantly settled for the compensation package substantially proposed by the US.

• • •
If at the negotiating table we withdrew our demand for rent and just agreed to accept the US package, are we not estopped from now insisting that what we've been receiving from the US is rent?

The Marcos administration tied us to US aid, and that's what is controlling until now.

• • •
We are actually 40 years late in demanding rent.

On March 14, 1947, we signed the original RP-US military bases agreement under which we allowed "the use, *free of rent*, in furtherance of the mutual interest of both countries" of certain areas for military bases.

Note the "free of rent" phrase. Also re-

peated all over the document is the phrase "mutual protection" which is again being invoked by Shultz as the basic concept for the operation of the bases.

•••
The new Constitution provides that the replacement of the soon-to-expire bases agreement be a treaty and not a mere executive agreement.

One difference is that executive agreements, such as the present pact covering the bases, are concluded between two heads of government and, as a rule, do not require ratification by the legislature. A treaty, however, requires concurrence by the Senate as in our case and that of the US.

•••
This is one of the reasons why the Senate will play a major role in the conclusion of a new treaty covering the bases when the 1947 agreement expires in 1991. This will also explain the keen interest shown by the US in the last senatorial elections.

The ratification process may even become more complicated if Congress decides that in addition to Senate concurrence, the treaty must also be approved by a majority vote in a national referendum called for the purpose. This is also provided for in the new charter.

/13104

CSO: 4200/824

SHAHANI CITES BASES OPTIONS; 'STRONG BIAS' AGAINST

Manila THE MANILA TIMES in English 12 Aug 87 pp 1, 6

[Text]

THE Philippines will abrogate the RP-US military bases agreement when it expires in 1992 and opt instead for neutrality.

This scenario of the country's foreign policy surfaced yesterday during a meeting of the foreign relations committee of the Senate.

A random survey of the 17 members of the powerful committee showed a "strong bias" for abrogation by the government of the military bases agreement and neutralization afterwards, sources told the *The Manila Times*.

The stand became apparent in a press statement issued by the committee stating that its chairman, Sen. Leticia Ramos Shahani, has identified three options open to the Philippines in the coming talks on the agreement.

The three options are abrogation of all military treaty agreements, renegotiation of the agreements and the adoption of a policy of neutrality for the Philippines.

According to sources, the country's foreign policy makers have no other choice except to follow the scenario of a neutralized Philippines, because "it is already enshrined in the Philippine Constitution," and it cannot be violated.

The sources pointed to the constitutional provisions for an "independent foreign policy" and freedom from nuclear weapons.

WE FORUM COLUMNIST FAVORABLE TOWARD BASES RETENTION

Quezon City WE FORUM in English 12-18 Aug 87 p 4

[Commentary by Vic Barranco in the "Town Crier" column: "Things to consider on the US bases"]

[Text]

Whatever decision the Philippine government will reach in 1991 on the Clark and Subic military bases issue, that decision will affect drastically the security program of the country and the many related political, economic, social and diplomatic arrangements we will make thereafter with the United States, Japan, South Korea, and with the Asian community of which we are a member.

Toward this fateful decision we have to perforce make five years from now, we all, government men and private citizens, are already preparing ourselves through exhaustive studies, debates and seminars, which will enable us to make the judgment that will not make us regret as we face the 21st century.

If the government exercises "its prerogative" to terminate the military bases agreement (MBA) in 1991, the US would certainly not insist on staying as an unwanted guest. This point has been stated tersely time and again by US State Department officials.

But it has been made clear to us by the American authorities that they do not wish to relocate the bases to other areas in the region.

Other possible base sites, they emphasize, are less strategically located. The possible sites being considered in case the Subic and Clark facilities are dismantled, do not have the large and efficient work force that has developed at Clark and Subic to handle them. It will take a lot of time and money to build the sophisticated facilities and train the work force of Filipinos that have grown with the technology and skill since 1947 when the MBA was signed.

Despite its sincere profession of enormous difficulties it has to reckon with in the building of new bases in the Philippines or nearby countries of the Asean region, if Filipino nationalists like Lorenzo M. Tanada, Jovito Salonga, Rogaciano Mercado overwhelm the nation with their views against the US bases, the Aquino government will have to tell the US forces to break camp, fold their tents and beat it to some other sites.

Anticipating this political tragi-comedy, our ideas about defense and security may shift to some absurdities. One absurdity will manifest itself when the Aquino government grants autonomy to several Moslem

provinces in Mindanao. This autonomy, in the plan of Nur Misuari and the Organization of Islamic Countries (OIC), led by Libya, will be a stepping stone to final secession from the Republic and assumption to full sovereignty of the big parcel of southern Philippines.

The American government may henceforth negotiate with President (or Generalissimo) Nur Misuari for bases sites in Sulu or South Cotabato. The Misuari future sovereign republic of Mindanao will be collecting the rentals of those new US bases that may be established before President Aquino's term ends in 1991. Misuari and Muamar Kaddafi will use some of the huge American rental money to increase the OIC war potentials against what remains then of the Philippine archipelago, and in the long run against the American mainland.

All these future happenings seem far-fetched. But we should not think narrowly in terms of rental, of the Economic Support Fund, of the American self-interest and ulterior trade motives in trying to hold on to the two little pieces of real estate in the Philippine territory.

We should be concerned with the terrible, ultimate horrors of the next world war, the global World War III, which will be fought in the farthest reaches of space; and fought simultaneously in the deepest recesses of the oceans, and in the farthest areas of the water surface and terra firma as well.

Mankind's next confrontation, perhaps the final one in World War III, now unfolds to us in the form of entertainment strips in the comic magazines. Sketched in funny colored drawings, they include: 1. The star wars; 2. The (Soviet) orbital anti-satellite weapon (ASAT) that is designed, and now operational, to destroy space targets with multi-pellet blasts; 3. The Soviet MIG/FULCRUM all-weather, air-superiority fighter-interceptor, fitted with AA-10 missiles and the USSR's most modern (1985 generation weaponry) with look-down shoot-down radar; 4. the Soviet strategic surface-to-air (SA) missile, 12 meters high; 5. several, (at least four) new types of intercontinental ballistic missiles; at least four types of ballistic missile-carrying submarines; 6. long-range cruise missiles; 7. laser weapons; 8. kinetic energy weapons; and so on, as far as your horrible imaginings can stretch.

In a global war, with long-range intercontinental ballistic missiles, talk about whether US bases in the Philippines will be a deterrent or a magnet that draws enemy attack, is beside the point now.

In the overall strategy of global nuclear conflict, of total war, of war to the finish, our mentality is hemmed in with the barangay.

No side will win in a nuclear war. There will be no victor, only the vanquished. In the first place, nuclear war should not be fought at all, said President Reagan.

In the face of the Soviet Strategic Defense (SSD) programs, America which the imaginary contender in

the ring, bores through with its Strategic Defense Initiative (SDI), programs. Simplistically stated, America is everready too. So what?

In March 1983, Reagan presented a dramatic new vision of a world in which we would no longer have to depend on nuclear weapons to prevent nuclear conflict which will mean total annihilation. Reagan presented that vision, and that challenge in this way:

"What if free people could live secure in the knowledge that their security did not rest upon threat of instant US retaliation to deter a Soviet attack that we could intercept and destroy strategic missiles before they reach our own soil or that of our allies?"

When he said this one night in March 1983, President Reagan unveiled the US Strategic Defense Initiative preparedness.

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CSO: 4200/824

PNA ON NPA ATTEMPTS TO PLAY DOWN SURRENDERS

Cebu City SUN STAR DAILY in English 2 Aug 87 pp 21, 20

[Text]

The New People's Army in Negros Island has disowned its members who returned to the folds of the law.

Elements of the Seventh Infantry Battalion based in towns fringing Mt. Canlaon, said the NPAs now move from one place to another, not only to avoid confrontation with government troops but also to tell the people who come their way that the government has been "parading fake surrenderers" in various towns and cities of the two Negros provinces.

"The NPA had been telling their supporters in mountain areas that stage-managed ceremonies were being held by the government for the fake surrenderers," a battalion report said.

High military officers in Negros said they were taking serious note of this information because of reports that the NPA hierarchy feared that "the good

treatment accorded to surrenderers might trigger a chain reacting among its regulars who had been complaining about hunger and hardships in mountain areas due to lack of supplies."

Before the military's all-out campaign against the dissidents a few months ago, the NPA had been getting adequate supplies for their subsistence. They could procure all their needs from most of the public markets in far-flung towns.

When civilians authorities, however, threw their support to the Aquino administration's campaign for reconciliation and rehabilitation of surrenderers, the NPA movements become limited because of fear of being exposed by the townfolks.

SUMMARY EXECUTION

During the past several months, more than 1,000 insurgents and supporters returned to the folds of the law.

Their surrender and pledges of alliance to the government were witnessed by local government officials, including Congresswoman Hortencia Starke.

The surrender of NPA supporters and regulars were always accorded appropriate media coverage and this struck fear among ranking members of the NPA that massive desertion might follow.

Intelligence reports from the island said the NPA hierarchy had secret orders for the summary execution of those "who openly expressed their feeling to surrender."

"We owe this situation to the valuable assistance of local government officials who worked hard in convincing our misguided brothers in the hills to return to the folds of the law and enjoy the assistance offered by the government," the military said. (PNA)

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CSO: 4200/824

NPA STRUCTURE, ACTIVITIES IN NUEVA VIZCAYA PROFILED

Quezon City WE FORUM in English 12-18 Aug 87 p 5

[Text]

BAYOMBONG. Nueva Vizcaya Residents of this province are becoming more and more aware of increasing guerrilla activity in this part of Cagayan Valley, where the New People's Army (NPA) claims to have gained footholds in almost all of its 15 municipalities.

The Venerando Villacillo Command (VVC) of the New People's Army, operating in the provinces of Nueva Vizcaya and Quirino, for example, claims in its latest statement to have grown from a small guerrilla unit to a regular force with half-a-million pesos worth of logistics through a series of armed offensives it launched against government troops and establishments during the last three months, during which it also confiscated more than 50 high-powered rifles from military and paramilitary elements.

The strategic location of Nueva Vizcaya, often called the "gateway to the Cagayan Valley" and the "jump-off point"

from Cagayan Valley to Central Luzon, is apparently favorable to guerrilla maneuvers.

The province is landlocked, bounded on all sides by Luzon's largest mountain ranges: the Sierra Madre in the east, the Cordilleras in the West, and the Caraballoes in the south.

Only two PC/INP (Philippine Constabulary/Integrated National Police) companies under the command of Col. Arturo Lomibao, the provincial commander, face an obviously growing guerrilla group. The 113th PC Company and the 131st PC Company, based in the towns of Bayombong and Ariga, respectively, have apparently failed to stop NPA growth.

Early last month, the revolutionary movement in the province announced the establishment of its own government through the National Democratic Front (NDF) Provisional Council for Nueva Vizcaya and Quirino.

In a document re-

leased by the NPH, the Venerando Villacillo Command of the NPA vowed anew to "establish a revolutionary government of the people," among others, by eliminating what it called "abusive" warlords, "active counter-revolutionaries", military intelligence agents and civilian informers, and local government officers engaged in counter-insurgency.

On July 22, elements of the New People's Army abducted Nueva Vizcaya ex-governor Ocas Cadiente, Sr. while he was visiting his ranch in Barangay Songian in the municipality of Solano. The Rufino Pajarillo Command of the NPA claimed responsibility for the abduction and accused Cadiente of counter-insurgency policies during his term as mayor of Solano (1968-1976) and as governor of the province (1977-1980), when he allegedly conspired with the "fascist regime of the Marcos (former Member of Parliament Leonardo) Perez clique." The NPA tagged him "an enemy of the

people."

(The Rufino Pajarillo Command of the NPA is named after an NPA cadre who died with a guerrilla fighter in an NPA-military clash at Dupax del Sur late last June, 1987.)

The ex-governor is still in NPA custody. Photographs of Cadiente alive with his captors have been released to a local daily, with an NPA statement that he will be tried by a people's court for past crimes committed against the people.

On July 28, police lieutenant Telesforo Acosta, Jr., Constabulary-Police station commander for Villa Verde, Nueva Vizcaya, was abducted from his home, again by elements of the NPA. According to reliable sources, Acosta was killed when he tried to fight it out with his captors in Barangay Cabuluan of this municipality where he was held.

Acosta was well-known for spearheading and leading the organization of the "Aha Bayan" a vigilante group, with Villa Verde mayor Leonardo S. Bano (PNP)

/13104

CSO: 4200/824

NEW NPA FORCE UTILIZES NAVAL UNITS

HK1181249 Manila PHILIPPINE DAILY INQUIRER in English 18 Aug 87 p 20

[By Art Sampana]

[Text] Malolos, Bulacan--A newly formed "fighting machine," composed of some 500 New People's Army (NPA) rebels, exists in coastal areas of Bulacan and other provinces in Central Luzon. This, the local military admitted, can cause problems because it operates with propaganda and intelligence bases built by the NPA's Bagong Nabal ng Bayan [New People's Navy] (Banaba).

The new rebel force, according to PC [Philippine Constabulary] Provincial Commander Colonel Leandro Mendoza, is called Front Off Shore (FOS) command and is allegedly led by a certain Ka [Comrade] Vicky. Their aim is to strengthen the rebels' hold of the shoreline from Bulacan to Pampanga and Bataan, where the rebel gains are more pronounced in terms of arms shipment, information, food supply and "progressive tax collection" amounting to some P5 million monthly.

The existence of FOS prompted Central Luzon military head (Recom 3) Brigadier General Eduardo Taduran to launch this week "Oplan Kingfisher" a land, air and sea operations against the NPA, Medoza reported.

Gen Taduran confirmed these reports to the INQUIRER, saying that "the key to neutralizing the movement of Central Luzon CPP [Communist Party of the Philippines], which is the most advanced among leftist operations nationwide, is to wipe out their infrastructure in the coastal areas which serve as vital elements in maintaining the lifeline that provides food and information in various NPA guerrilla fronts in the provinces of Bulacan, Pampanga, Nueva Ecija, Quezon and Rizal."

Taduran also reported that his command has teamed up with the forces of Commodore Samuel Tolentino of the Philippine Navy to come up with a vigorous and coordinated resistance to the highly organized communist movement in the region.

The Recom [Regional Command] 3 chief did not elaborate, however, on the mechanics of the current military operations, but he said that the navy can help much because "it is composed of experts well-versed with amphibious invasion and hydro graphic information vital on tactical, military maneuvers around Manila Bay."

A ranking Recon 3 official, however, told the INQUIRER that despite the big military offensive currently done by the military, its intelligence community is still confused as to the real structure of rebel troops operating in the coastal areas, led by Commander Lito.

The military official, who refused to be identified, said that they cannot penetrate the intelligence network of the NPA in the area.

This is actually an "intelligence war," according to the official, who disclosed that the military has yet to come up with a potential war-winning machine of a strong cloak-and-dagger organization.

He said that the local NPA have organized a strong courier system of "postmen" who take their directive from one secret zone to another, and all messages between local rebel units and regimental commanders.

"We can only make a big score if we catch the ones who mastermind the courier traffic between the guerrilla zones," he said.

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CSO: 4200/816

CHANGES IN STORE FOR METRO MANILA BODY

Manila MANILA BULLETIN in English 10 Aug 87 p 8

[Text]

The Metropolitan Manila Authority (MMA), which takes over the functions of the Metropolitan Manila Commission (MMC), will be run like a public corporation when it assumes jurisdiction over the metropolis after the Nov. 9 local elections.

A bill filed by Sen. Jose Lina, fleshing out the constitutional provision on the Metro Manila administration, calls for a board of directors composed of the mayors of the four cities and 13 towns to govern the National Capital Region (NCR).

A chairman will be elected from among the mayors whose term expires with that of his term as mayor or the next local elections, whichever is shorter.

He will be assisted by a professional metropolitan manager who will coordinate with various agencies on the issues related to the MMA activities, recommend to the chief executive officer policies affecting functional operations, and submit annual reports for endorsement to the President.

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CSO: 4200/824

SHAHANI ASSAILS MALAYSIA ON SMUGGLING

Manila PHILIPPINE DAILY INQUIRER in English 8 Aug 87 pp 1, 6

[Text] A SENATOR criticized yesterday what she said was the apathy of Malaysia towards Philippine efforts to stop the traffic of arms bound for Muslim rebels in Southern Philippines, via Sabah.

Sen. Leticia Ramos-Shahani, chairman of the foreign relations committee, said the illicit arms traffic could be stopped with the help of Malaysia and other ASEAN neighbors, if they wished to help. That small act of cooperation she said, would greatly help our government in its campaign to defuse the Muslim insurgency in Mindanao.

The Senate committee on national defense and security and its special committee on Mindanao affairs received testimony from military officials the other day about guns and other military equipment being supplied Muslim rebels in Sulu, Basilan, Tawi-tawi and elsewhere in Southern Philippines.

Shahani told newsmen that the smuggled guns have helped to worsen the peace and order situation in Mindanao.

She said the Philippines should ask the cooperation of Malaysian officials in stopping the smuggling of the guns and equipment.

Shahani did not give details as to which Muslim rebels were re-

ceiving the smuggled guns or who were supplying it.

But she noted that if the Philippines plans to drop its long-standing claim to Sabah (now belonging to Malaysia), "we should get the concessions from that country in return."

Among the concessions, she said, would be to ask Malaysia to refuse sanctuary to Muslim rebels conducting the gun smuggling operations.

In addition, Shahani said, we should demand investors in the commercial and trade establishments in Sabah.

She said Vice-President Salvador H. Laurel is leaving on Monday for a visit to Kuala Lumpur, to negotiate with the Malaysian government the RP claim to Sabah.

Sabah is one of the bigger states of the federation of Malaysia. In 1962, during President Macapagal's administration, the Philippines laid claim to it by virtue of that territory being owned by the heirs of the Sultanate of Sulu.

However, in 1977 at an ASEAN meeting in Kuala Lumpur, then President Marcos told the ASEAN officials that the Philippines was taking steps to renounce its claim to Sabah, in the interest of ASEAN unity.

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CSO: 4200/824

ARMED MEN BLOW UP ELECTRIC PYLONS 13 AUG

HK181121 Hong Kong AFP in English 1052 GMT 18 Aug 87

[Text] Manila, 18 August (AFP)--Unknown armed men blew up two major electric transmission towers of the state-run National Power Corporation (NPC), causing power shortages in Manila and parts of the main island of Luzon, NPC spokesmen said here Tuesday.

This said the pylons, located in the adjacent towns of Tagkawayan and Santa Elena, 175 kilometers (105 miles) southwest of Manila, were apparently blasted with dynamite last Thursday.

The blasts cut off power supply from a major geothermal station in Albay Province further to the southeast, and caused a shortage of 150 megawatts which has resulted in intermittent 2-hour power failures in Manila, the NPC spokesmen said.

The NPC installed a bypass line but this was pilfered by unknown men, they told AGENCE FRANCE-PRESSE.

The spokesmen said they had no immediate suspects, and no group had claimed responsibility.

The case is being investigated by the military and the lines would hopefully be restored Tuesday, the spokesmen added.

In 1985 the communist New People's Army (NPA) knocked down several transmission pylons in Bataan Province west of Manila and vowed to stop the operation of the country's first nuclear power plant.

The plant has subsequently been mothballed by the government of President Corazon Aquino.

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CSO: 4200/816

PHILIPPINES

AFP HEADQUARTERS CLARIFIES ICHDF NOT YET ABOLISHED

Cebu City SUN STAR DAILY in English 1 Aug 87 pp 4, 26

[Text] The Integrated Civilian Home Defense Force (ICHDF) has not been abolished yet.

This was the clarification of the general headquarters of the Armed Forces of the Philippines (AFP) on the status of ICHDF members amidst numerous inquiries on the matter.

In a message sent to the Regional Unified Command (RUC) 7, GHQ also informed RUC commander Brig. Gen Romulo Querubin that by virtue of the ICHDF existence, he still has authority to issue mission orders.

Self-Defense

RUC information officer Lt. Carlos Cagaanan said, "While the new Constitution stipulates for the abolition of the ICHDF, such has not been in effect yet because of the absence of implementing guidelines."

The ICHDF program was created June 3, 1978 primarily to organize civilian volunteers in a threatened locality into self-defense units.

The program was also designed to help protect lives and properties of the people against lawless elements and to assist in the maintenance of peace and order, in coordination with the military and police in an area.

ACTU

Its members are to form the first line of defense against lawlessness and dissidence, particularly Communists in roads and terrorism in areas where the military and police are inadequate.

Querubin earlier said there are anti-Communist organizations whose members have applied for ICHDF status and there are also ICHDF members who have joined anti-Communist groups like the Sagrado Corazon Senor (SCS) or Tadtad.

Cagaanan told SUN STAR DAILY the Armed Citizens Territorial Units (ACTU), recommended to replace the ICHDF, is still under study.

Congress

He said unlike the ICHDF, not just anybody can join the so-called citizens arm because only reservists or ROTC graduates may qualify.

The new constitution calls for the abolition of para-military forces like the ICHDF, but it provides for the creation of a citizens arm.

The new Congress is expected to formulate implementing guidelines for the establishment of a citizens army. NCF

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CSO: 4200/824

LABOR SECTORS AGREE TO INTERFEDERATION PEACE FORMULA

Manila PHILIPPINE DAILY INQUIRER in English 13 Aug 87 p 9

[Text] LABOR groups of various political persuasions yesterday agreed to put a stop to inter-federation conflicts as part of their agenda to minimize strikes and help achieve industrial peace.

In a Code of Conduct drawn up by the influential Labor Advisory and Consultative Council, the four major federations under it stressed a policy of non-interference in local and affiliates of member organizations.

This Code, current LACC chairman Fil Joson said, will hopefully put an end to union raiding, or the process of illegally interfering in the activities of an affiliated union to influence its members to a competing federation.

He added that it is now the business sector's turn, draw up their own agenda to help promote industrial peace.

Earlier, Labor Undersecretary Carmelo Noriel told labor groups that union raiding has somehow contributed to intense political conflicts between unions that have erupted into strikes.

Several crippling strikes had been staged in the past due to squabbles between two unions belonging to different federations. However, *Kilusang Mayo Uno* chief Crispin Beltran said the number of these cases is "minimal."

Joson explained that this initiative to help minimize strikes on the part of organized labor must pose as a challenge to employers groups to also come up with specific agreements of their own to lessen industrial disputes.

The businessmen's proposals, however, should not be topped by a strike moratorium since "this is outrageous" and labor groups are totally opposed to it, according to Joson.

"We have taken again this initiative to express our sincerity in attaining a sound economy and they (businessmen) must also take the next step," he said.

The Code of Conduct of the LACC states that the member-federations must respect each other's rights gained from their CBAs.

GNP GROWS 5.5 PERCENT IN FIRST HALF YEAR

Manila PHILIPPINE DAILY INQUIRER in English 13 Aug 87 p 6

[Article by Oscar Quiambao]

[Text] THE country's economy, as measured by the gross national product (GNP), grew by 5.5 percent during the first half of the year, Central Bank Governor Jose B. Fernandez Jr. has revealed.

Although Fernandez said the National Economic Development Authority (NEDA) still has to come out with the official figures on the actual growth of the GNP, which summarizes the total value of goods and services produced, he said data in his hands show the positive growth.

Fernandez would not reveal how the economy performed during the second quarter of the year as the first half figure could be the average of the first three and the last three months of the year.

The economy, according to NEDA, grew also by 5.5 percent during the first quarter of 1987.

Fernandez said the mining industry showed the most remarkable growth during the period, followed by manufacturing and construction.

Fernandez is worried though over the continued dismal performance of the agricultural sector, which the government considers to be the main industry that would propel the economy to a big turn-around. This is principally due to bad climatic conditions during the early part of the year brought about by the El Nino phenomenon.

Although he broadly hinted that this condition could prevent the government from achieving or surpassing its 6.5 to 7 percent targeted growth in GNP by the end of the year, he said the other sectors could cushion its effects.

He cited, for instance, the continued good price on the world market of some of the country's traditional exports products like coconut-based items and mining products.

Fernandez reiterated that the economy will continue to perform well in the remaining months of the year and will most likely grow to a level "fairly close" to government projections.

TRADE DEFICIT CONTINUES TO SOAR

Manila PHILIPPINE DAILY INQUIRER in English 13 Aug 87 p 7

[Text] THE country's trade deficit in the first six months of the year totalled \$354 million, an 85 percent jump from last year's \$191 million, according to figures released by the National Census and Statistics Office.

Total trade amounted to \$5.512 billion, 14 percent higher than last year's \$4.845 billion. Imports totalled \$2.933 billion, 16 percent higher than last year's \$2.518 billion, while exports totalled \$2.579 billion, 11 percent higher than \$2.327 billion.

The data showed that last June, Philippine exports to other countries amounted to \$177.8 million, a slight increase from the previous month's \$475.3 million but a hefty 21 percent improvement when compared with the

\$394.4 million in exports in June last year.

Imports, on the other hand, dropped to \$496.6 million in June, from the \$559.1 million last May.

On an annual basis, exports of desiccated coconut had the highest rise, more than doubling to \$7 million from \$2.7 million posted last year. On a month-to-month basis, it went up by 17 percent from \$6 million.

Exports of petroleum products had the biggest drop with \$2.3 million from last year's June exports of \$10.9 million.

On the other hand, importation of fish and fish preparation went up by 250 percent to \$1.7 million last June from \$.2 million during the same period last year.

Imports of fertilizers went up by 158.73 percent to \$16.3 million from \$6.3 million.

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CSO: 4200/824

RAUL CONCEPCION WARNS INFLATION MAY HIT 10 PERCENT

Manila PHILIPPINE DAILY INQUIRER in English 9 Aug 87 p 6

[Text]

THE one-digit inflation rate climbed up by the National Economic and Development Authority might go up to 10 percent during the third quarter, business leader Paul T. Concepcion said.

He cited the worldwide shortage of raw materials like petroleum-based products, iron, steel, and copper products, which are all basic raw materials used by almost all industries.

"This has led to abnormal price increases of as much as 30 to 70 percent and longer delivery lead time from foreign suppliers," Concepcion explained.

He added that this has made it extremely difficult for domestic industries to fully supply market demands even if their plant capacities are not fully utilized because of unavailability of raw materials.

At the same time, Concepcion reported a 30 to 60 percent

growth in the manufacturing sector for the second quarter.

The sales increase of the country's manufacturers was based on a survey of 200 industrial firms for the second quarter.

Concepcion also cited the report of the Manila Electric Co. that the industry consumed 8 percent more power as of June 30 this year. The peak consumption load levels of 1,836 megawatts and 1,879 MW for April and May this year exceeded the peak load level of 1,800 MW in 1983 which was the boom year for Philippine industry.

"Most sectors are operating at around 90 percent of 1983 levels today," he stated.

He added that food, beverages, textile, tobacco, cars, iron, steel, construction, garments, and cement registered 20 to 40 percent sales increases between January and June this year.

Other reasons cited by Concepcion as reasons for the possible 10 percent inflation rate by the third quarter, as opposed to the earlier government prediction of an average 5-6 percent are:

- The revaluation of all major foreign currencies with the exception of the US dollars, has made the country's raw material importation from these countries more expensive.

- The contemplated price increase for fuel will, in government estimates, result in an inflation of two percent.

- The increased demand for imported raw materials for industry and the importation of finished goods brought about by import liberalization and compounded by the fact that crude oil prices will be higher by \$8 to \$10 per barrel compared with last year, will exert pressure on the foreign exchange rate.

EDITORIAL CITES AQUINO ON DEBT, ECONOMIC GROWTH

HK181231 Manila MANILA BULLETIN in English 18 Aug 87 p 4

[Editorial: "Repayment Sans Growth Means Economic Death"]

[Text] An economy has to grow if more people are to have employment and living conditions are to improve. For a developing country, no economic growth for a number of years means increasing difficulties and eventually economic death.

A few days ago the president said that she would not sacrifice growth to repayment of the foreign debt. She stated a fundamental truth about the foreign debt.

The hassle between creditors and debtors centers on the liberality of the restructuring of the debts--the stretching out of the repayment period--in order to make it easier for the debtors to service their debts. The negotiations also involve the lending of new money in order to enhance their chances of repayment. Since the debts involve billions of dollars, creditors and debtors fight over every fraction of a percentage point in interest payment. If there were not rescheduling agreements, many debts would not be repaid.

The saying that good money should not be used to chase bad does not apply to the Third World debt, for if it were followed in this instance no new money would be lent and, therefore, the creditors might not get their loans back.

When everything is said and done, the problem represented by the Third World debt is nothing more than a sharing of resources. The creditors and debtors will have to pool their resources in order to solve the problem.

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CSO: 4200/816

VIRATA WARNS CONGRESS AGAINST TOTAL DEBT REPUDIATION

HK181211 Manila PHILIPPINE DAILY INQUIRER in English 18 Aug 87 pp 1, 8

[By Ed Perpena]

[Excerpt] Former Prime Minister Cesar Virata yesterday warned the House of Representatives of the serious consequences of a total repudiation of "bad loans" extended to the country.

"I don't think congress should recommend repudiation of all foreign loans, which it claims are bad loans. I think our lawmakers should investigate each loan carefully and not take a general action," Virata told a House subcommittee looking into the country's \$28-billion foreign debt.

Virata said it would be unwise to declare a general moratorium on all debt repayments because this might prompt the country's foreign creditors to resort to drastic measures.

Congress would do well to examine the loans on a case-to-case basis, said Virata, now a consultant of the World Bank in charge of reviewing programs for highly-indebted middle-income countries like the Philippines.

Rep. Hernando Perez (Unido, Batangas), chairman of the Ways and Means Committee, said he did not share the views of the former finance minister of Ferdinand Marcos under whose regime the "bad loans" were incurred.

Perez said the committee will recommend to the House a selective repudiation of certain loans.

"Why should the government and the Filipino people be made to suffer for loans which were diverted into the pockets of cronies of the former regime?" Perez asked.

But Virata said debt repudiation is not the cure to the country's economic ills. "Why hit the other banks which are part of the syndication when they are only third parties?" he asked.

He said he hopes Congress will realize in time what the cost of a default will be on the Philippine economy.

Virata gave several scenarios in the case of loan default.

He said the worst think that can happen is a withdrawal of trade facilities, such as the opening of import letters of credit.

If this happens, Virata said, the country will have to pay in cash for all its import. He said a default would definitely set back the country's economic recovery program.

Virata said that the Philippines, being a developing country, does not have the means to finance its development programs. National savings are not enough to finance such programs and a default would negate all chances of getting foreign funding for them, he added.

"The government should address itself to borrowing from the savings of other countries which have surpluses. If we default, we won't be able to borrow from foreign sources," the former prime minister said.

Virata, who refused to answer "delicate" questions because of a pending case filed against him by the Presidential Commission on Good Government with the Sandiganbayan, said the government had to guarantee foreign loans to the private sector during the critical years from 1982 to 1985.

"The private sector couldn't get foreign funding on their own, their loans had to be guaranteed by the government then," he said.

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CSO: 4200/816

EDITORIAL REACTS TO DEBT 'DECEPTION' REPORTS

Manila PHILIPPINE DAILY INQUIRER in English 10 Aug 87 p 4

[Editorial: "Who deceived Cory on debt restructuring?"]

[Text]

LIKE worms crawling out of a rotten apple, bits of evidence hinting of deception and possibly corruption in the foreign debt negotiations have steadily been surfacing over the past few days. After the President's dramatic disclosure during the first joint session of Congress of blackmail by certain bank creditors, it now appears that some interested parties within Ms. Aquino's own circle of financial advisers had deceived her into giving in to alleged pressure from the foreign lenders.

A case in point, as revealed earlier by *Inquirer* columnist Belinda O. Cunanan and then followed up by Sen. John Osmena, was the matter of the guaranty granted by government to the \$60-million Barclays loan to Planters Products, Inc. The administration's top financial officials had claimed the executive order providing for the guaranty was drafted by the British bank. Representatives of the bank, however, later claimed that just wasn't so; that some persons within the President's official family had, to put it mildly, "given (Ms. Aquino) the wrong impression" about the bank's requirements. There is now also the very real possibility that someone or some persons who had been intimately involved in the talks leading to the debt-restructuring agreement tried to make his (or their) own financial killing from the guaranty, which Senator Osmena estimates would total P400 million.

Interestingly, as all this was steadily emerging, Finance Secretary Ongpin Jaime began making noises of a different sort -- climaxing in Saturday's threat to resign should the government finally opt for the repudiation of some portions of the country's \$28-billion foreign debt. Behind the histrionic bluster, all that Mr. Ongpin was trying to say was that he won't be able to face again the foreign bankers should repudiation be adopted as a policy. Oh yes, he said something

about debt repudiation adversely affecting the currently favorable trends in the economy. He, however, failed to mention -- conveniently or otherwise -- that such trends had developed *despite* the severe constraints imposed by the creditor banks, for whose sentiments Mr. Ongpin is showing such inordinate concern.

Both chambers of Congress are in the process of reviewing the foreign debt. Further dogged digging into the *real* circumstances surrounding the debt-restructuring talks should reveal who had tried and succeeded in doing what and who should be held finally accountable for the whole mess. The affair has such a stench to it that someone or some group is desperately trying to conceal the garbage. In time, we believe, they too will be revealed.

In the meantime, Mr. Ongpin should not be let off so easily. He shouldn't be permitted to resign before all the facts are in. Not just yet anyway.

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CSO: 4200/824

EDITORIAL URGES 'CLEAN BREAK' IN DEBT SITUATION

Manila THE MANILA TIMES in English 10 Aug 87 p 4

[Editorial: "Time for a clean break?"]

[Text]

CONGRESS has stirred a hornets' nest in its efforts to set aright the Philippines' foreign debt situation.

Locally, Finance Secretary Jaime V. Ongpin has threatened to resign from the Cabinet in protest against a snowballing move to repudiate some of the debts and the call for a moratorium on principal payments. In Congress itself, opposition members, worried about what former Prime Minister Cesar Virata might say, have moved to stonewall his forthcoming testimony in an obvious bid to stave off any fresh scandal involving the past regime.

Abroad, the World Bank, which facilitated most of the loans, has warned that the country's foreign credit line might suddenly dry up should Congress push through its moves. In what could only be interpreted as the height of arrogance and rudeness, one World Bank official who hid behind the usual cloak of anonymity preached on the "need to be educated in the world of finance" on the part of Manila's policy-makers — an obvious dig at President Aquino and her advisers.

Now, let's take a close look at these rather unpleasant developments.

Ongpin's threat to resign comes as no surprise. He had better not make good his threat in the face of the current congressional temper. The popular perception is that he and Central Bank Governor Jose B. Fernandez are responsible for the onerous terms imposed on the country by its foreign creditors.

Opposition members of Congress, particularly those identified closely with the deposed regime, should desist from any action which could be

taken as an attempt to gag Virata, the principal architect of former President Marcos's financing schemes. If they have nothing to hide, why worry? Let Virata talk as he pleases so the people will know whom exactly to blame.

With respect to the World Bank, it should stop treating its clients like unemancipated and illiterate slaves. As a debtor whose debts were incurred by a blatantly profligate regime, the Philippines has the right to exercise all its available options to avoid committing economic suicide. It's a two-way street that leads to the world of trade and finance, and no organization - not even the World Bank - can operate in isolation.

Somehow, the Philippines must find a way out of the mess, with or without the help of such self-serving financial institutions as the World Bank. A clean break with the past - its corruption, profligacy and dependence on foreign hand-outs - can be a good starting point.

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CSO: 4200/824

ENERGY CONSUMPTION SHOWS ECONOMIC GROWTH

HK181239 Manila PHILIPPINE DAILY INQUIRER in English 18 Aug 87 p 6

[Text] Although some may still express doubts at whether the country is indeed posting economic growth, a look at the consumption of energy during the first half of the year shows that the optimism expressed by the government has sufficient basis.

A report of the Bureau of Energy Utilization stated that "an improvement in the domestic economy" has brought a 6 percent increase in the energy demand in the first 6 months of the year compared with the same period last year.

Total energy consumption for the period was 50.5 million barrels of fuel oil compared with 47.8 million barrels last year.

Oil consumption, which represented 58.7 percent of the total energy requirements, totalled 29.7 million barrels, an 11 percent increase from the 26.8 million barrels consumed during the first half of last year.

Demand for alternative sources of energy was a substantial 41.3 percent or some 21 million barrels of the total requirements.

Imported energy requirements for the first 6 months totalled 30.1 million barrels of fuel oil equivalent, up 12 percent from 1986.

Consumption of imported oil was up by 15 percent from 25.2 million barrels of oil equivalent to 28.9 million barrels and accounted for 57 percent of total energy needs.

There was an almost 30 percent drop in coal imports to 1.2 million barrels equivalent as major users depended more on the locally-available supply.

The use of indigenous energy sources dropped by 2.4 percent to 20.4 million barrels oil equivalent. Overall, indigenous energy contributed 40.5 percent of the total energy mix and generated foreign exchange savings of about \$323 million.

Power generation for the first half totalled 11,624 gigawatt per hour (GWH) or 20 million barrels of fuel oil equivalent, corresponding to 39.7 percent of the total energy mix. Oil accounted for 7.6 million barrels or 37.9 percent of the total power supply.

The shares of non-oil sources totalling 62.1 percent of the total power supply are: 22.2 percent hydro; 20.8 percent geothermal; 14 percent coal; 5.1 percent non-conventional.

The installed capacity of electric operating plants was 6,357.54 MW, 5 MW lower than the 1986 level of 6,362.74 MW due to the reduction in diesel plant capacity.

Capacity utilization was recorded at 42.1 percent, a 3.1 increase from last year's average of 39 percent due to higher gross generation.

The total domestic power consumption excluding utilities' own use and transmission/distribution losses reached 8,710 GWH, 8.7 percent higher than the previous year's level of 8,016 GWH.

All sectors raised their electric consumption levels, with industry posting 42.5 percent of the total. The other sectors' shares are as follow: households, 8.3 percent; commerce, 8.1 percent; industrial, 8.9 percent; and others which comprise street lights and government offices, 10 percent.

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CSO: 4200/816

EDITORIAL QUESTIONS OIL PRICE INCREASE

HK171241 Quezon City MALAYA in English 17 Aug 87 p 4

[Editorial: "Why the Haste?"]

[Text] Transport organizations, labor unions and consumer groups are protesting the government-approved oil price increase which took effect at midnight last Friday.

Their reaction is understandable because the average 80-centavo increase in the prices of oil products will mean higher prices of almost everything, from electricity to transportation to the food that they eat. Given the unwillingness of capital to raise labor's wages, it will mean that low-salaried workers will be squeezed even tighter in the vise of high prices and low wages. It will mean greater misery and suffering for the masses.

Several senators have urged a rollback in the prices of gasoline and other oil products pending a congressional inquiry into the oil price increase approved by the Energy Regulatory Board.

The executive branch would do well to heed their advice because it appears that no exhaustive hearings were conducted by the board on so important an issue. Indeed, as Senator Ernesto Herrera, a former labor leader, said, there seems to have been "indecent haste" in approving the price increase petitions of the three domestic oil companies.

Why was the oil price increase hastily approved? And why were the approved price increases more than what the oil companies were asking for? Why was the board apparently more concerned about the losses to be suffered by the oil companies than about the suffering of the people due to soaring prices? These, and other questions should be answered during the proposed congressional inquiry.

The prices of oil products should be rolled back while the congressional inquiry is being conducted. Congress should look not only into the present oil price increase but also into the broader issues, such as:

--The feasibility and advisability of nationalizing the oil industry. Should not oil products, which are very vital to the economy and to national security, be under the control of the government instead of foreign interest?

--The possibility of reducing the taxes and other imports on oil products so as to reduce their retail prices.

--The possibility of tapping more extensively alternative sources of energy such as geothermal and solar energy, as well as expanding hydroelectric power plants, to lessen the country's dependence on imported oil products.

--The need for a comprehensive national energy program that would lower energy rates in the Philippines, which are among the highest in Southeast Asia, so as to benefit consumers and at the same time attract potential investors.

The Energy Regulatory Board seems to be insensitive to the plight of the masses who are already suffering from the effects of low wages, inflation and unemployment and underemployment. It's time congress stepped in and sought a solution that would not increase the suffering and misery of the people.

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CSO: 4200/816

LEGISLATORS DEMAND ROLLBACK OF OIL PRICES

HK181221 Manila PHILIPPINE DAILY INQUIRER in English 18 Aug 87 pp 1, 8

[By Louie Logarta]

[Text] Top officials of the House of Representatives said yesterday they are doing their best to have the government roll back the prices of gasoline in response to the mounting protests against the recent oil price increase.

Speaker Ramon V. Mitra said he has instructed the House Committee on Ways and Means, which is in charge of all revenue-generating programs of the government, to look into the possibility of reverting gasoline prices to their original levels.

Mitra said the 80-centavo per liter average oil price increase announced by the Energy Regulatory Board [ERB] over the weekend "its a tremendous burden to the Filipino people."

Rep Hernando Perez (Unido [United Nationalist Democratic Organization], Batangas), chairman of the House Committee on Ways and Means, chided the ERB for deciding on the fuel price increase without consulting congress. He said the committee will work for the elimination of the tax component of the gasoline price which accounted for a big percentage of the price increase.

"The Philippines is one of the few countries in the world which taxes oil imports," Perez said.

Rep Enrique Garcia (Laban [People's Power], Bataan), chairman of the Subcommittee on Internal Revenue, said the committee is seriously considering a proposal to pass on the burden of the oil price increase to other sectors which can absorb the increase.

For example, Garcia said, the government can raise an additional P500 million a year to offset the oil price increase if the 1/4 of the 1 percent transaction tax in stock exchanges is raised to a full 2 percent.

Aside from the tax component of the gasoline price, Garcia said congress will also look into the dissipation of the Oil Price Stabilization Fund. He said his committee will ask the Department of Finance to give a detailed analysis of the fund's disposition and management.

"We have to know how the oil stabilization fund was used up," he said.

Garcia said the committee will look into the profitability of the multinational oil firms. He said the profits of these firms should be kept to a minimum level.

Meanwhile, Representatives Consuelo Puyat-Reyes (Laban, Makati) and Nikki Coseteng (Laban, Quezon City) also demanded a rollback of prices of gasoline products.

Reyes urged the House Committee on Energy to summon officials of three oil firms who are doing business in the country and the ERB to explain why the price adjustment was higher than what was originally petitioned for.

Coseteng called for a joint investigation by the Senate and House on the validity of the ERB action.

Representative Jose Rono (KRL, Samar) urged the House to act swiftly to resolve the issue if it is to protect the interest of the people. He criticized the Aquino administration for "suddenly and surreptitiously" raising oil prices without congressional consultation and approval.

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CSO: 4200/816

PHILIPPINES

LEFTWING GROUP URGES OIL INDUSTRY TAKEOVER

HK190611 Hong Kong AFP in English 0540 GMT 19 Aug 87

[Text] Manila, 19 August (AFP)--The Philippine Left Wednesday called for nationalization of the country's oil industry and vowed to march to the presidential palace to oppose recently announced price increases.

The New nationalist Alliance (Bayan), a left-wing umbrella group, called for the nationalization after a massive transport strike that crippled Manila Monday fizzled out despite calls for an indefinite protest.

Bayan leaders announced the formation of a coalition against the oil price increase ordered by the Corazon Aquino government at the weekend. The coalition includes left-wing and independent transport unions, they said.

Strike leader Medardo Roda, president of the left-wing Piston Transport Union, told a news conference that they were demanding an investigation into why a government-held fund to stabilize oil retail prices had been used up.

Mrs Aquino had said that the price increase, averaging 80 centavos (4 cents) a litre, was inevitable due to the depletion of the fund, which is collected as part of the retail price.

The fund is used by the government to reimburse oil firms for increases in the price of crude in order to protect consumers.

Mr Roda told AGENCE FRANCE-PRESSE in an interview that "there is a possibility" that the fund might have been diverted by officials but he offered no evidence and declined to give further details.

"We should drive out Caltex and Shell," he said, referring to the two U.S. oil giants in the retail business here along with the state-owned Philippine National oil Corporation.

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CSO: 4200/816

FARMER GROUPS SUPPORT 'NATIONALIST' BLOC HOUSE BILL

Manila THE MANILA TIMES in English 10 Aug 87 p 8

[Article by Fidel Asor, Jr.]

[Text] FARMER organizations around the country have thrown their support behind a radical agrarian reform bill proposed by members of the nationalist bloc in the House of Representatives.

The farmer groups, belonging to the Congress for a People's Agrarian Reform, said the bill "is a meaningful first step towards genuine agrarian reform as it recognizes the true rationale of agrarian reform which is social justice and equity."

The bill, sponsored by Reps. Florencio Abad (Batan), Gregorio Andolana (North Cotabato), Juanito Camanura, Jr. (Davao del Sur), William Claver (Kalinga-Apayao), Venancio Garduce (Samar) and Oscar Rodriguez (Pampanga), seeks to confiscate

vast tracts of land owned by landlords who have already profited immensely from these estates.

The other alternative proposed in the bill is to divide big public and private agricultural lands into two-hectare parcels instead of seven and distribute them to farmer-beneficiaries.

These lands proposed for distribution include those held by transnational corporations, inland and coastal fishing waters, mining and logging concessions, fishponds and other areas devoted to aquaculture.

Oscar Castillo, CPAR executive committee member, said peasant leaders under CPAR are hoping that the bill would be approved by the House.

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CSO: 4200/824

FISHPOND OPERATORS PROTEST NPA TAX IN BULACAN

Manila THE MANILA TIMES in English 10 Aug 87 p 1

[Article by Faye Narciso]

[Text] FISHPOND owners and operators assailed yesterday the "progressive taxation" of the communist New People's Army in Bulacan, Bulacan, which results in income losses to them of P4 million every year.

They said besides extorting money from the 150 owners and operators of Barrios San Nicolas, Panarahan, Atlag, Namayan, Kaliligawan and Pamarawan, the NPA rebels also extort from the poor fishpond caretakers and workers who get paid only on a daily basis.

For every 100 hectares of the 4,000-hectare fishpond in the mentioned barrios, according to the operators, the NPA rebels get a total of P1.2 million per year, enough to finance their terrorist activities in the province.

The operators said about 100 heavily armed rebels tour the fishpond in broad daylight, riding on pumpboats and equipped with two-way radios.

They added that collection of money takes place in isolated

areas and in different places, making it difficult for the extort victims to remember them.

On the 15th and 30th days of each month from January to May, said the operators, they see sacks of rice piled up on the dikes near the paddies, for the NPA rebels to pick up, representing taxes from the salt croppers.

They said the rebels get as much as P2.4 million worth of rice from the 800 salt croppers in the area yearly.

The operators urged the government to stop the taxation activity by assigning a battalion of soldiers to guard their fishpond. They said they would help shoulder the expenses of the soldiers.

"We are willing to help and support them rather than be coerced by the rebels and aid the enemies of the State," they said.

They said, they would also provide the soldiers with pumpboats, to make them more mobile.

/13104

CSO: 4200/824

COLUMNIST ON COMMUNIST TEACHERS, 'GENUINE PATRIOTS'

Quezon City WE FORUM in English 12-18 Aug 87 p 10

[Commentary in the "Beyond Hypocrisy" Column by Placido P. Diaz "Mental reform is what we need"]

[Text]

What ex-senator Emmanuel Pelaez asked after being ambushed due to the coco levy controversy is the question we must now address ourselves to with the utmost urgency: "What's happening to our country, General?" With the assassination of Jaime Ferrer, a member of her own official family, President Cory Aquino must be asking herself what kind of people she has taken on the duty to lead. She had called the perpetrators barbarians, which indicates her warped way of thinking. When her soldiers massacred the peasants at Mendiola, she registered shock and outrage, but it was not so much out of sympathy for the victims and their bereaved, but because the incident delivered the first black-eye to her regime.

She has called the judiciary to task for the deterioration of the dispensation of social justice. She has enjoined the military to give her honorable victories in the field of combat against the insurgents. She has produced an executive order on land reform, fulfilling a campaign pledge, but instead of settling agrarian unrest, it has served only to make the issue more acrid which gives rise to this insight that what we need is not land reform, not judicial, electoral, martial, marital, social, governmental, but simply mental reform.

We can go on instituting and implementing reforms, but unless we realize that mistakes can never be corrected by greater and more monstrous mistakes, we can only manage to travel from worse to hopeless. Our problems are beyond legislative and constitutional remedies. This became evident in the State-of-the-Nation address of our Lady President. Even as she gave credit to the Filipino people for the full restoration of the democratic process, they were effectively barred from attending the ceremonies. At her inaugural, the people were her trouble-shooters. It has not taken long for them to turn into her trouble-makers. How come?

The trouble with President Aquino is that she understands only the problems of her class. Her concern is limited to their complaints. The life-and-death struggle of the poor for survival bother her not a bit, for it simply is not a part of her consciousness. Her *cardon sentaire* jealously shield her from their bitter outcries. Unless she loses her innocence in this regard, and submits to a radical change in attitude, she is bound to fail as a leader of all her people. Because her program of government will not benefit the greater majority of them, but will continue only to provide and distribute privileges for the favored few.

The poor are learning. For they are being taught well and effectively by 'communist' teachers so rabidly hated and persecuted by the authorities for exposing their deceptions and pretensions. They are beginning to see how their misery is not due to natural causes, nor to fate, much less to God's will, but caused by the rapaciousness, greed, avarice, and narcissism (self-love) of their betters. They are becoming convinced that it is up to them to make an end to their poverty and distress. And they have realized that their strength (people power) is irresistible. They have already proven it by toppling a dictator. What's going on is that we are feeling the symptoms of a brewing full-scale revolution: the last will be first, and the first will be last. The high and mighty will be laid low, the lowly will be exalted.

The rich, on the other hand, seem to ignore the lessons of history. Time and again, the vanity, inanity, futility, and plain stupidity of their lavish life-style are amply demonstrated. The fall of the conjugal dictators and their cronies serves as an invaluable and stark example. Never again? Why, who do we think we are kidding? Our wealthy and influential minority are busy rebuilding their financial empires to their pre-martial law grandeur. Our nobles are consolidating their positions in the social ladder. The serfs will have to remain servile at the bottom. If they will still stand the oppression and exploitation. Indications, however, are rife that they will not.

The death of our Local Governments secretary, Jaime Ferrer, can be the key to unlock our minds from the bonds of hypocrisy and the shackles of intolerance. He was a touted champion of democracy who supported the establishment of vigilante groups in the country. If his murderers will not be brought to justice, it will be only because the people are protecting them and keeping them from the clutches of the lawmen. As much as they suspect that the vaunted defenders of democracy - the police and the military - have been protecting the murderers of Evelio Javier, Cesar Climaco, Rolando Olalia and the abductors of Fr. Rudy Romano. Plutocracy can no longer be passed off in lieu of honest-to-goodness democracy. The people are already capable of recognizing the genuine patriots from the sham.

The PNA has reported an ex-Laotian army officer as saying there Philippines could be in communist hands by 1990, three years from today. This is calcu-

lated to scare us to death and goad congress to retain the US bases and bloat the military budget. Can gunpowder now assuage the pangs of hunter? Can the rich with all their firepower slaughter all the poor without their being exterminated first? Mental reform is the solution. War is dissolution.

Mental reform only requires the haves to share voluntarily with those who do not have. Retention limit? In accordance with the adequacy of need. For in necessity there is no law. It is a crime against humanity for anyone to hold on to more than what he needs when his fellowman is wanting.

/13104

CSO: 4200/824

CARDINAL VIDAL URGES TIGHTER GOVERNMENT REINS ON VIGILANTES

Cebu City SUN STAR DAILY in English 2 Aug 87 pp 4, 23

[Text]

Cebu Archbishop Ricardo Cardinal Vidal yesterday said government authorities should now take direct control and supervision of armed vigilante groups for fear that they will be used by politicians in the coming local elections.

Vidal, in an interview with newsmen yesterday, reiterated his fear that unsupervised armed groups may lead to the re-emergence of warlordism and private armies.

He said "stories" have reached him that some armed groups are under the control of politicians but added that it is not yet to an alarming degree.

"I am afraid that things will not turn good, especially with the coming elections," he added.

When asked whether the "stories" came from his parish priests, Vidal said: "It is not the parish priests, but the Government that should look into this matter."

Vidal confirmed that vigilantism was one of the things he discussed with President Aquino in a private audience last month.

DIFFERENCE

The Cebu prelate and president of the Catholic Bishops Conference of the Philippines (CBCP) said there is no more chance the CBCP will come up with a common stand on the vigilante issue although he revealed that all 14 bishops of Visayas are against vigilante groups.

Vidal said the CBCP did not come up with a stand because of "difference in perception," like the bishop of Davao who strongly supports vigilantes, and bishops in some Luzon dioceses who do not have any experience with vigilantism.

He, however, said the Government should answer the question of ultimate authority for any aggressive act which may be taken by a vigilante group.

He also reiterated his earlier statement that the Church does not approve the use of religious symbols, such as those being practiced by the Sagrado Corazon Senor (SCS) or Tad-tads, in performing their roles as anti-communist vigilantes. ELB

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CSO: 4200/824

NEGROS ORIENTAL CIVIC WORKS PROJECT REPORTED

Manila PHILIPPINE DAILY INQUIRER in English 10 Aug 87 pp 1, 8

[Article by Beth A. Pango: "Battling the NPA without bullets"]

[Text] FIVE years ago, sitio Calumbuyan in Bayawan, Negros Oriental, was a breeding ground of communist rebels. Two factors conspired to make it so: It is situated far north of the Kabankalan entrance to the province with no roads linking it to the next town and it was a pitiful example of neglect and poverty.

Residents recall that Calumbuyan was once raked up by military operations because of reports that almost 70 percent of the residents were sympathizers of the New People's Army (NPA).

To deny the area to insurgents, a military detachment was set up in a strategic point in the sitio.

Most residents do not deny the influence that insurgents once had over the place. But they justify it, saying that many residents turned to the rebels after losing confidence in the government

as they sank deeper into poverty. Their hand-to-mouth existence appeared to have left them with no choice.

Most of the residents depend on farming the rocky uplands of Calumbuyan which could not be coaxed to yield more because of the harsh conditions as well as the lack of technology, good seeds and implements. And the hardy farmers had nowhere else to go.

One day in 1982, however, residents were informed that Calumbuyan had been chosen site for a pilot project on upland agriculture where contour-farming would be tested.

(In contour-farming, the furrows are arranged to follow the natural contour of the sloping soil to prevent erosion. Canals are also built at certain intervals to help catch and direct water flow.)

Mang Agustin, 52 a local farmer, said they would not believe at first the reported plan and adopted a "wait and see" attitude. The next thing they knew, a road was being built to link them to Bayawan and to the

rest of neighboring communities.

The men in the sitio were employed in the building of the P1-million road.

It all started there, Mang Agustin recalled. Five years later, a confused Calumbuyan was transformed into a thriving agricultural community.

The Central Visayas Regional Projects Office (CVRPO) introduction of contour-farming in the upland areas benefited many farmers who adopted the technology. The agency also launched animal dispersal and agro-forestry programs as part of the integrated development approach in the area.

As head of the Barangay Development

Council (BDC), Mang Agustin proudly said that, today, sitio Calumbuyan is the model of CVRPO in upland farming.

Almost 6,000 hectares of its upland area have been reforested in the last two years, while the rest found suitable for planting are now producing cash crops for the estimated 13,000 farming households in the project area.

Of these families, around 800 are active members of the BDC. On days when children have no school, they too work in the mini-nursery set up by the BDC. For this, they earn P18 a day.

These days, rebels could only roam around the sitio while Calumbuyan folk are busy tending their farms.

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LAUREL WOOES REFUGEES IN SABAH

Manila THE MANILA TIMES in English 12 Aug 87 p 1

[Text] KUALA LUMPUR -- Philippine Vice-President Salvador Laurel said here yesterday his government wanted tens of thousands of Filipino refugees in East Malaysia's Sabah state to return home.

Laurel, who is also foreign secretary, said after talks with Malaysian Foreign Minister Abu Hassan Omar details of the mass repatriation were being worked out but that no timetable had been set for its launch.

He said Manila needed time to prepare for the refugees return by rebuilding homes and rehabilitating farms. "We also have a peace and order situation in Mindanao and we will have to solve that problem first," he said.

Laurel, who is here on a three-day visit, did not specifically link the repatriation scheme to the Philippines' 25-year-old claim on Sabah but said he believed that Malaysia and the Philippines sincerely wanted the issue settled.

Abu Hassan said he expected "a clearer picture" on the Sabah claim to emerge after Laurel met Malaysian Prime Minister Maha-

thir Mohamad on Wednesday when the issue would be discussed in depth.

Laurel dismissed news reports that Manila was seeking a package deal that would link dropping of the Sabah claim to Malaysia's consent for joint patrols in the seas dividing Sabah and the Southern Philippines to stop clandestine arms shipments to Filipino rebels.

But he said there was "a sequential scenario" which meant that "certain things at certain times need to be done."

Malaysia maintains that the Philippine claim to Sabah, which joined the Malaysian federation in 1963, is non-negotiable and should not be linked to any conditions.

Laurel said he believed the issue of arms being smuggled to Muslim rebels in the Southern Philippines through Sabah could be resolved.

Abu Hassan, who was present at Laurel's meeting with newsmen, did not comment on the issue. —AFP

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HANOI'S HOUSEHOLD, GARDEN ECONOMY EXPANDED

Hanoi HANOI MOI in Vietnamese 30 Apr 87 p 3

[Speech by Minh Dat, deputy secretary of municipal VCP committee: date and place not given: "Hanoi Expands Its Household and Garden Economy-- Many Villages in Thanh Tri, Hoai Duc, Tu Liem, Gia Lam, Dan Phuong Develop Rattan and Bamboo Weaving, Straw Conic Hats, Rug Weaving--Each Fruit Garden in Van Quan, Da Ton, Que Duong, Duong Lieu, Khuong Dinh, and Xuan Dinh produces 500,000-1,000,000 Dong Worth of Fruit Per Year"]

[Text] In recent years, especially since the issuance of Resolution No 6 of the Fifth Plenum of the VCP Central Committee and Directive No 100 on product contracting and Directive No 35 of the Party Secretariat on developing the household economy, Hanoi's household and garden economy has expanded with good results in some areas.

By practicing intensive farming to overfulfill contract norms and multi-cropping on only over 5 percent of 5,200 hectares of arable land, 1,560 hectares of family gardens, over 400 hectares of collective fruit gardens and thousands of hectares of hill gardens as well as plots and ponds borrowed from cooperatives, and by increasing animal husbandry and handicraft activities, the city has been able to meet most consumer needs year after year and produce a substantial amount of grain, food, raw and medicinal materials, and export goods.

In 1985, with just 5 percent of 413 hectares of arable land and 307 hectares of household and collective gardens, Hoai Duc District produced 180 tons of Siamese persimmons, oranges, and lemons, 100 tons of tamarind (for salty preserves), 100 tons of bananas, 700 tons of yellow sugar, 100 tons of polygonatum giganteum flour, nearly 1,000 tons of pork, and tens of thousands of tons of vegetables, beans, and other products.

Due to an excellent household and garden economy, all members of Duong Lieu Cooperative were employed, highly paid, and well-provided.

Each year, some truck gardens in Van Quang (Me Linh), Da Ton (Gia Lam), Que Duong, Duong Lieu (Hoai Duc), Khuong Dinh (Thanh Tri), and Xuan Dinh (Tu Liem) cooperatives produced hundreds of tons of fruit valued at 500,000-1,000,000 dong. Most outstanding was Van Quan Garden (Me Linh)

which, through proper intensive and mixed cultivation on just 1 hectare of land--1 percent of arable land--earned 250,000 dong in profit in 1986, paying 166 dong per day worked, compared with the cooperative's common rate of 40 dong.

By developing family handicrafts including woven rattan and bamboo, straw conic hats, woven jute and corn-stem rugs, and embroideries, many villages in Thanh Tri, Hoai Duc, Tu Lien, Gia Lam, and Dan Phuong have produced many consumer and export goods.

Recently, families of cadres, workers, and people in urban areas have expanded the movement to raise chickens on an industrial scale, rear hogs, grow mushroom, raise birds and fish for pleasure purposes, make clothings and mechanical articles on a contract basis, and provide services to increase family income, contributing to easing hardships at a time of instable prices.

An investigation at 25 cooperatives in Hoai Duc, Gia Lam, and Thach That districts shows that the household economy accounts for 64.7 percent of the total income of each peasant family.

That is why the household and garden economy in Hanoi has been--and will be--playing an extremely important role.

Its economic potential in the suburban areas is exceptionally great, varied, and rich. If all 363 agricultural cooperatives plant fruit gardens--as did Van Quan, Que Duong, and Da Ton--if all 28,000 peasant households plant fruit trees in their own gardens and rear fish in their own ponds, and if all households of cadres, workers, and civil servants embrace sideline occupations, Hanoi City will be able, not only to meet consumer needs, but also turn out a great quantity of products for society and export.

At present, in the suburbs thousands of hectares of land covered with loose earth coming from diggings and ponds, 4,200 hectares of family gardens, tens of thousands of hectares of hill gardens, and nearly 50,000 hectares of land are fit for multicropping but remain unexploited.

Party, administration, and cooperative officials have not paid full attention to developing the household and garden economy.

Likewise, municipal organs and sectors did not understand the issue correctly, failing to give the household economy a thought.

Concrete and appropriate policies were not issued by the city in time to sustain and stimulate the household and garden economy.

Implementing the resolutions of the 6th CPC Congress and 10th Municipal CPV Congress, the municipal party committee and people's committee issued temporary regulations to encourage individual participation in the household economy. These regulations, which were acclaimed and

supported by many popular strata, have begun to stimulate production in some places.

Renovating their thinking, especially economic thinking and setting in motion Resolution No 2 of the recent Sixth Plenum of the CPV Central Committee, the municipal party committee and people's committee will discuss and adopt additional measures to invest land, capital, supplies, and technology in the household and garden economy and organize the purchase, processing, and consumption of its products.

In Circular No 4, the municipal CPV committee urged its echelons to organize and strengthen gardener associations at various levels, using them as a core to help cooperatives build fruit gardens and fish ponds and provide technical services for the growth of the garden economy.

In the days to come, the household and garden economy in the suburbs should continue to make the most of land, labor, and capital resources to develop production and find employment for laborers. The household economy should link itself closely to the collective economy and the state economy and should take part in agriculture, forestry, fishery, handicrafts, small industry, processing, and service trades.

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CORRUPTION UNCOVERED IN MINISTRY OFFICE

Hanoi GIAO THONG VAN TAI in Vietnamese 16 Apr 87 pp 3, 6

[Article by Tran Van: "Favorable Conditions Must Be Created So That the Inspection Committee Can Operate Effectively"]

[Text] At the 11th Congress of Delegates of the manual workers and civil servants of the agencies of the ministry, the report of the People's Inspection Committee presented by Nguyen Phi Long was heartily applauded by everyone. In the spirit of working closely with manual workers and civil servants, the People's Inspection Committee brought to light many matters that had long been concealed and many mistakes on the part of some cadres who hold public positions and authority. The report presented at the conference listed the following several matters (not a complete list):

1. Was the conversion of the Ham Long Hotel into housing done in accordance with procedures? Which level made this decision and approved the remodeling funds?

2. The allotment of housing in collective housing projects has not been fair or reasonable, particularly at Number 61 Ham Long Street. The majority of this housing has only been allotted to persons who hold public positions and authority or to close friends of the leaders of the Office.

3. Who authorized the demolition of the Ham Long Restaurant and where did the salvaged building materials go?

4. The management of the Office's property has been very lax:

--Individuals have been allowed to borrow ceiling and table fans at will.

--Property of the Ham Long Restaurant was taken (mainly property in the management office and dining room).

--The results of the importation and exportation of lumber are not clear.

5. The allotment and transfer of building materials have not been regulated and are carried out in a manner that suits convenience. One cadre was even allotted materials to build an addition of 10 sq m of housing with a flat

roof. For ordinary personnel, it is difficult to even request an allotment of building materials.

In addition, many other thoughts were expressed indicating inequities that occur on a daily basis within the agency, such as in the distribution of goods of the cooperative and the use of cooperative funds, etc. However, the most adamant and the longest portion of the report dealt with the unfair and unreasonable allotment of housing, particularly at the 61 Ham Long Street housing project, where some persons have too much space and others have been squeezed out by overcrowding.

Practically all the matters cited above relate to the ministry Office. The People's Inspection Committee sent an official letter to the Office requesting an explanation of these matters and then registered to work directly with the Office's leaders. Together with them, it subsequently reached the following conclusions:

1. The conversion of the hotel at 61 Ham Long Street into housing did not comply with procedures because the decision to do so was not made by an authorized level.
2. A list was issued concerning the allotment of housing at 61 Ham Long Street but it was not signed by the council chairman and thus did not comply with principles.
3. The housing allotment list for 61 Ham Long Street was not made available to agency workers and civil servants so that they could offer their opinions, which was a violation of the provisions of Council of Ministers' Decree 182-CP dated 26 April 1979 on "respecting the right of ownership of manual workers and civil servants."

The People's Inspection Committee made the following recommendations to the Office:

- Experience must be gained and measures must be taken to correct the mistakes mentioned above.
- Giving building materials to cadres and personnel for house construction and repairs is a violation of regulations. The Office has been asked to obtain payment for these materials at transfer sale prices.
- The fans which cadres have incorrectly been allowed to borrow must be recovered.
- All related books and records must be supplied to the People's Inspection Committee in order to clarify the matters surrounding the management of the property of the Ham Long Restaurant so that the questions of the manual workers and civil servants can be answered.
- Allotting housing to Mr Chau at the river bank collective housing project was wrong (because Mr Chau is retired and has transferred his place of residence back to his native village). Actually, the housing was allotted to

Mr Chau's daughter and son-in-law, both of whom work outside the communications-transportation sector.

Together with directly meeting with concerned cadres and organizations, investigating the actual situation and making the above recommendations, the People's Inspection Committee also presented at various meetings of representatives of agency workers and civil servants chaired by Vice Minister Nguyen Van Vinh a number of specific recommendations for the head of the Office to consider so that appropriate measures consistent with the legitimate aspirations of manual workers and civil servants could be adopted.

These recommendations were:

1. Issue a decision strengthening the Housing Allotment Council within the agency bloc and inform manual workers and civil servants of this decision. Decisions concerning the allotment of housing must be approved and signed by the council chairman.
2. Promulgate regulations on the allotment of housing which are clear, conform with policy and are fair and reasonable.
3. Promulgate regulations on the sale of building materials within the agency for the information of manual workers and civil servants.
4. Respect the right of ownership of manual workers and civil servants as defined in Council of Ministers' Decree 182-CP. Specifically, publicly post the list of names of manual workers and civil servants to whom housing will be allotted so that each manual worker and civil servant within the agency can express his or her opinions before the council considers and decides upon the allotment of housing.
5. Take back some of the living space being used by the Office chief at 61 Ham Long Street.
6. Recover payment for the building materials given to a number of cadres of the Office.
7. Take back the ceiling fans that were improperly loaned.

After receiving the recommendations of the People's Inspection Committee, the concerned components and individuals issued documents clarifying these matters. However, with the exception of a number of opinions concerning the way food products are distributed, the use of cooperative funds by cooperative members, the distribution of housing at All Cau Giay Street and so forth, which were accepted and rectified, practically all the proposals made have been raised time and again at meetings but changes have still not occurred. For example, housing allotment regulations have still not been issued nor have regulations on the sale of building materials been adopted. Payment for building materials and ceiling fans has not been recovered. And, lastly, the original records of the Ham Long Restaurant have not been made available as requested by the Inspection Committee.

Why does this situation exist? Why is it so difficult to implement the correct recommendations of the People's Inspection Committee?

At the conference, Office Chief Ho Quang Long explained the difficulties with funding, particularly the positive measures that were taken, but without any success, to reclaim the ceiling fans... The conferees sympathized with these difficulties. However, some jobs are very difficult, such as reclaiming the apartment of Phuong, who was transferred to Federation 7 but continues to work. But are the other jobs so difficult that they cannot be performed, such as recovering payment for building materials, taking back apartments that were allotted incorrectly, and verified as such by the minister, and making the books and records of the Ham Long Restaurant available? I would think that these books and records are lying in a desk somewhere. Thus, the difficulty here is where are they? These are things that are difficult to understand and because they are difficult to understand, it is also difficult to sympathize with the persons involved.

The People's Inspection Committee, which is elected by manual workers and civil servants and which operates under the guidance of the party committee and the head of the administration, has the responsibility of bringing to light matters that violate regulations, principles and resolutions. Actively supporting and creating favorable conditions for the People's Inspection Committee to operate effectively is the responsibility of everyone, from the agency head to Trade Union executive committees and all manual workers and civil servants. Conversely, anyone who does not create favorable conditions for the operation of the People's Inspection Committee fails, either consciously or unconsciously, to respect the interests of manual workers and civil servants.

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